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INTERSTATE COMMERCE COMMISSION REPORTS

VOLUME 71

**DECISIONS OF THE
INTERSTATE COMMERCE COMMISSION
OF THE UNITED STATES**

(FINANCE REPORTS)

JANUARY TO JUNE, 1922

REPORTED BY THE COMMISSION



**WASHINGTON
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INTERSTATE COMMERCE COMMISSION REPORTS.

FINANCE DOCKET No. 942.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, INDIANAPOLIS & LOUISVILLE RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted December 22, 1921. Decided January 5, 1922.

Upon investigation of failure of carrier to consummate the loan and upon showing that the funds will not immediately be required, certificate canceled. Previous report, 65 I. C. C., 606.

H. R. Kurrie for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On January 18, 1921, we issued our report and certificate No. 63 to the Secretary of the Treasury, 65 I. C. C., 606, approving a loan of \$115,000 by the United States to the Chicago, Indianapolis & Louisville Railway Company, hereinafter referred to as the applicant, for the purpose of aiding it in providing itself with additional motive-power equipment.

On October 26, 1921, we wrote the applicant to inquire the reasons for the delay in consummating the loan and to advise that if it were not in need of the money it should promptly so advise, in order that the fund might be applied to the needs of other carriers. On December 20, 1921, the applicant advised us that it had concluded not to purchase for the present the equipment for which the loan was approved, and that, therefore, it did not desire to press for the holding of the funds.

Under the circumstances we are of the opinion that the certificate issued January 18, 1921, should be withdrawn.

An appropriate certificate of cancellation will be issued.

Cancellation of Certificate No. 63 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby cancels its certificate No. 63, dated January 18, 1921, to the Secretary of the Treasury approving a loan of \$115,000 by the United States to the Chicago, Indianapolis & Louisville Railway Company, under section 210 of the transportation act, 1920, as amended.

Done at Washington, D. C., this 5th day of January, 1922.

71 I. C. C.

FINANCE DOCKET No. 1505.

IN THE MATTER OF THE APPLICATION OF THE CAIRO,
TRUMAN & SOUTHERN RAILROAD COMPANY FOR AU-
THORITY TO ISSUE NOTES.

Submitted October 27, 1921. Decided January 5, 1922.

Authority granted to issue not exceeding \$250,000 of five-year promissory notes bearing interest at the rate of 6 per cent per annum; \$172,000 thereof to be used to cover floating debts and \$78,000 to provide funds for construction and repairs. Terms and conditions prescribed.

George B. Webster for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cairo, Truman & Southern Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority, under section 20a of the interstate commerce act, to issue \$250,000 of promissory notes to cover current indebtedness and to provide funds for additional construction and repairs to way. The proposed notes will be payable five years after date and bear interest at the rate of 6 per cent per annum. No objection to the granting of the application has been made.

The applicant was organized under the laws of Arkansas for the purpose of constructing and operating a line of railroad in that State from Truman, Poinsett County, to a junction with the Missouri Pacific Railroad at or near Earl, in Crittenden County, a distance of approximately 29 miles. The road is now constructed and in operation between the first-named terminus and Engman, Ark. (13.8 miles), so that 15.2 miles of line remain to be completed.

Under the laws of Arkansas the applicant is required to build certain portions of its line within specified times and to complete the entire line prior to January, 1925. In order to preserve its franchises it desires to proceed at once with the construction of between 4 and 5 miles of additional track, estimated to cost \$57,450. The applicant has no funds available for this purpose. There appears to be no market for its stock. It has therefore arranged to issue, subject to our approval, \$78,000 of notes at 90 per cent of their face value and to use the proceeds, so far as may be necessary, for this new construction and the remainder for necessary repairs to the

road now in existence. At this price the net cost to applicant of interest and discount will amount to 8.4964 per cent per annum, but no other expense will be incurred in connection with the sale of the notes.

To enable it to operate that portion of the road which has been completed, the applicant has found it necessary to borrow money from the Weona Land Company. This indebtedness amounts to \$172,019.44 and is carried in open account. In order that its obligation to pay may be deferred to a day certain, which will enable it, within reasonable expectation, to meet the debt from earnings, the applicant proposes to issue \$172,000 of notes at par to this creditor.

The applicant's balance sheet as of August 31, 1921, shows investment in road and equipment at \$153,886.64 and capital liabilities of \$100,500, consisting of \$27,500 of capital stock and \$73,000 of outstanding first-mortgage bonds. These bonds bear interest at the rate of 6 per cent per annum and will mature on July 1, 1928. Interest has accrued thereon in the sum of \$32,595, no interest having been paid since their issue, except interest for one year on \$3,000 of the bonds. The profit-and-loss debit balance of the applicant on August 31 was \$144,213.15, which is allocated as follows: Loss prior to January 1, 1921, \$130,165.97; loss from January 1 to August 31, \$14,047.18. The applicant suffered a deficit of \$69,975.63 in 1920. Its operating ratio for that year was 148.27 per cent. It appears, however, that the applicant has recently effected certain economies in the operation of its road and has discontinued service over log spur lines, which will materially reduce future operating expenses. The applicant's fixed charges will not be affected by the notes issued to the Weona Land Company, as the indebtedness to that company now carried in open account bears interest at the rate of 6 per cent per annum.

The applicant states that by completing the proposed construction a large amount of valuable timber on approximately 20,000 acres of land contiguous thereto will be available for transportation over its line to Truman, where a veneer factory is located, and that a portion of the produce of the factory may be shipped over its road. It is estimated by the applicant that it will receive 150,000,000 feet, log measure, of timber for transportation, from which it expects to derive gross revenue of \$750,000, which will be in addition to considerable miscellaneous revenue from the movement of camps and supplies. There are no facilities for the shipment of this timber except by wagon, which is so expensive as to be prohibitive and at certain times of the year is prevented by flood conditions.

It appearing that F. S. Charlot, the president of the applicant, is also president of the Weona Land Company, the question has arisen

as to the application to this transaction of section 10 of the Clayton Antitrust Act. That is a question which we do not at this time undertake to decide.

The uses to which the notes are to be applied by the applicant may be summarized as follows:

	Face amount.	Pro- ceeds.
Capital purposes: For new construction.....	¹ \$64, 000	¹ \$57, 600
Operation: For repairs to existing line, \$14, 000 ¹	¹ 186, 000	¹ 12, 600
To cover current indebtedness incurred on account of operating expenses, \$172,000.....		172, 000
Total.....	\$250, 000	242, 200
Discount.....		7, 800

¹ Approximate amount.

In view of the representations of the applicant we are of the opinion that the proposed issue of notes should be authorized, subject to the condition, however, that to the extent that the notes are used to cover indebtedness incurred on account of operating expenses or to provide funds for expenditures properly chargeable to operation they shall be paid from earnings and not made a basis of any future capitalization.

We therefore find that the proposed issue of promissory notes by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cairo, Truman & Southern Railroad Company be, and it is hereby, authorized to issue not exceeding \$250,000, aggregate face amount, of promissory notes payable to bearer five years after date, with interest at the rate of 6 per cent per annum, payable semiannually; said interest to be represented by coupons attached to each note for amounts not exceeding 3 per cent of the face amount of the note to which attached; not exceeding \$172,000, aggregate face amount, of said notes to be issued at par to cover

certain current indebtedness of the applicant to the Weona Land Company, and not exceeding \$78,000, aggregate face amount, of said notes to be issued at not less than 90 per cent of the face value thereof and accrued interest for the purpose of providing funds for certain additional construction and repairs to way, as set forth in the application and outlined in said report: *Provided, however,* That such of said notes as may be used for purposes properly charged or chargeable to operating expenses shall be paid or otherwise satisfied from earnings and shall not be used by the applicant as a basis for capitalization.

It is further ordered, That, except as herein authorized to be issued, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall report to this commission within 10 days thereafter, respectively, all pertinent facts relating to (1) the making and issue of said notes, including the number of notes issued and the dates and amounts thereof, and (2) to the payment or other satisfaction and cancellation of said notes; and shall for the period ending December 31, 1921, and for each period of six months thereafter, within 30 days after the close of such period, report to this commission all pertinent facts relating to the use of the proceeds of said notes, and continue to make such reports until all of the proceeds thereof have been used; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said promissory notes, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 383.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, NEW YORK & BOSTON REFRIGERATOR COMPANY FOR FINAL SETTLEMENT UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 30, 1921. Decided January 9, 1922.

Following our report issued October 31, 1921, 70 I. C. C., 575, upon the application of the Chicago, New York & Boston Refrigerator Company for a partial payment under the guaranty of section 209 of the transportation act, 1920: *Held*, that the provisions of the said section do not apply to said company. Application dismissed.

William G. Wheeler for claimant.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The Chicago, New York & Boston Refrigerator Company is a corporation organized under the laws of the State of Maine. Its capital stock is owned entirely by the Grand Trunk Railway Company. The business in which it is engaged is that of leasing to rail carriers refrigerator cars under terms and conditions whereby it solicits the traffic that moves in its cars, assists in loading and supervises the icing of such cars, and in other respects aids the rail carriers in the handling of the commodities requiring refrigeration service which are transported in those cars. The claimant prepared and filed returns in the general form required by our orders of October 18, 1920, and January 5, 1921, and on March 15, 1920, it filed a written statement by which it accepted all of the provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination of the Federal control period. Contending that its income for the six months of the guaranty period was less than the amount guaranteed to it by the United States, it is now before us urging that we determine the amount properly due it under the guaranty and certify the same to the Secretary of the Treasury for payment, pursuant to the provisions of section 209.

We have heretofore considered and disposed of the claimant's application for a partial payment of the claim which it is now pressing for final settlement. In our report of October 31, 1921, this docket, 70 I. C. C., 575, we set forth quite fully the evidence and the contentions of the claimant with reference to the question of its status under section 209 as a carrier by railroad. After full investi-

gation and consideration we reached the conclusion that the claimant was not a carrier by railroad within the meaning of that section. We accordingly entered an order dismissing the application for partial payment. No new or additional facts relating to the status of the claimant under section 209 have been presented in the formal application for final settlement now before us. We have discovered no reason for modifying the statement of facts contained in the former report, and a restatement of those facts in this connection would serve no useful purpose. Further consideration in the light of the present application strengthens our conviction that the conclusion we stated in the former report is sound.

Upon the entire record we therefore find that the Chicago, New York & Boston Refrigerator Company was not, during any part of the guaranty period, a carrier by railroad within the meaning of section 209 of the transportation act, 1920, and that the provisions of said section do not apply to that company. We are without authority to issue a certificate entitling the claimant to a guaranty payment. An order dismissing the application will be entered accordingly.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and the commission having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and the same is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 935.

IN THE MATTER OF THE APPLICATION OF THE
CHESAPEAKE & OHIO RAILWAY COMPANY FOR A
LOAN FROM THE UNITED STATES TO ENABLE IT
TO PROVIDE EQUIPMENT AND OTHER ADDITIONS
AND BETTERMENTS.

Submitted December 30, 1921. Decided January 9, 1922.

Upon supplemental application and consideration thereof, authority granted for an extension of six months from January 1, 1922, of the time within which the expenditures from and in connection with the loan shall have been made or definitely obligated, and our certificate No. 85, of April 16, 1921, amended accordingly. Previous report, 67 I. C. C., 407.

C. E. Graham for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On April 16, 1921, we issued to the Secretary of the Treasury our certificate No. 85, 67 I. C. C., 407, approving a loan of \$5,338,000 by the United States to the Chesapeake & Ohio Railway Company, hereinafter referred to as the applicant, for the purpose of aiding it in providing itself with certain additions and betterments to way and structures.

Among the terms and conditions of the loan was a requirement that the proceeds of the loan, together with the amount required to be financed by the applicant to meet the advance by the United States, should have been expended or obligated on or before January 1, 1922.

On December 30, 1921, the applicant filed a supplemental application requesting an extension of six months of the time within which to expend or obligate the proceeds of the loan and the amount required to be financed by it. In this supplemental application the applicant sets forth that by reason of traffic and financial conditions it was found impracticable, with due regard to the efficient and economical management enjoined by the transportation act, 1920, as amended, and particularly paragraph 2 of section 15(a) thereof, to expend within the time specified therefor the total amounts allocated to certain purposes specified in our original report in this proceeding, although the applicant has expended or definitely obligated itself to expend for such purposes a sum largely in excess of the total estimated expenditures for such purposes.

The report of expenditures accompanying the supplemental application shows that up to and including December 31, 1921, the sum of \$8,397,034.57 had been expended by applicant on projects estimated to cost \$6,356,736. Overexpenditures on certain items aggregated \$2,684,112.71, and underexpenditures on the remaining items aggregated \$643,814.14. This last amount represents the measure of uncompleted financing to be concluded within the extended time requested.

After investigation, we find that an extension of six months of the time within which the applicant shall have expended or definitely obligated the proceeds of the loan, together with the amounts which the applicant itself is required to finance, is necessary to enable the applicant properly to serve the transportation needs of the public.

An appropriate amendment to our certificate No. 85 will be issued.

Amendment to Certificate No. 85 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 85 of April 16, 1921, to the Secretary of the Treasury, approving the making of a loan of \$5,338,000 by the United States to the Chesapeake & Ohio Railway Company, by changing paragraph 5 (f) thereof to read as follows:

(f) The applicant has agreed in an instrument in writing dated March 15, 1921, supplemented January 11, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided for by the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the commission on or about July 1, 1921, and January 1 and July 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan, together with the entire amount to be financed by the applicant, shall have been expended or definitely obligated for the purposes for which loaned, or the entire loan shall be repaid to the United States, on or before July 1, 1922.

Done at Washington, D. C., this 16th day of January, 1922.

71 I. C. C.

FINANCE DOCKET No. 1885.
IN THE MATTER OF THE APPLICATION OF THE PULLMAN COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK.

Submitted January 7, 1922. Decided January 9, 1922.

Authority granted to issue 165,000 shares of capital stock for the purpose of acquiring all the assets of the Haskell & Barker Car Company, Incorporated.

G. S. Fernald for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

By application duly filed, the Pullman Company seeks authority under section 20a of the interstate commerce act to issue 165,000 shares of capital stock of the par value of \$100 each, to be delivered to the Haskell & Barker Car Company, Incorporated, hereinafter called the car company, as payment in full for its physical property and other assets. Objection was made by C. E. Nash, of Los Angeles, Calif., on the ground that the consideration proposed to be paid for the assets of the car company is excessive and would result in higher charges to the public by the applicant. These objections have been considered. No other objections to the granting of the application have been offered.

The applicant is incorporated under the laws of Illinois. It operates as a sleeping-car company and it is also engaged in the business of building railway cars for sale to railroad companies and others, and has its general offices located at Chicago, Ill. Its authorized capital stock is \$120,000,000, of which \$116,745,060 is outstanding in the hands of the public and the remainder is held free in its treasury. Its balance sheet as of July 31, 1921, shows:

Item.	Amount.
<i>Assets.</i>	
7,750 cars and equipments, \$148,935,728.72, less reserve for depreciation \$64,778,687.36.....	\$84,157,041.36
Repair shops, \$6,150,234.47, less reserve for depreciation \$980,874.25.....	4,169,360.22
Pullman Building, \$1,089,443.49, less reserve for depreciation \$92,163.75.....	997,279.74
Other real estate.....	6,650.53
Operating supplies, linen, etc.....	10,673,342.34
Unexpired insurance.....	99,825.11
Securities.....	8,373,190.52

Item.	Amount.
<i>Assets—Continued.</i>	
Car leases.....	\$4,700,217.59
Cash.....	20,086,452.12
Bills and accounts receivable.....	9,849,221.18
Manufacturing department, plants and investments.....	20,136,408.32
Total assets.....	163,248,989.03
<i>Liabilities.</i>	
Capital stock issued, 1,200,000 shares, par value \$100 each.....	\$120,000,000.00
Accounts payable ¹	18,216,477.25
Accrued dividends.....	2,399,960.00
Insurance and other reserves.....	2,433,296.30
Net surplus.....	20,199,255.48
Total liabilities.....	163,248,989.03

¹ Includes account with the United States Government under the guaranty of section 209 of the transportation act, 1920, covering six months' operation ending August 31, 1920.

The applicant has entered into an agreement of purchase under which it proposes to acquire all of the assets of the car company, for a consideration of 165,000 shares of applicant's capital stock of the par value of \$100 each. In order to carry out the terms of the agreement, the applicant proposes to increase its authorized capital stock from \$120,000,000 to \$135,000,000, and desires to issue the additional 150,000 shares, together with 15,000 shares now held in its treasury, and deliver them to the car company direct, or to its nominees.

The car company, which is a corporation organized under the laws of the State of New York, is engaged in the manufacture and sale of railroad cars and has a manufacturing plant located at Michigan City, Ind.

The applicant has made an investigation of the assets of the car company as of September 30, 1921, the report of which states the net book value of the property at \$16,908,528.05, as shown by the following statement:

Item.	Amount.	Aggregate.
<i>Assets.</i>		
Cash:		
In bank.....	\$1,244,582.10	} \$3,844,582.10
Treasury certificates.....	2,600,000.00	
Receivables:		
Notes ¹	4,000,000.00	} 7,295,287.94
Car-trust contracts.....	1,606,267.57	
Car-repair accounts.....	1,247,703.28	
Miscellaneous accounts.....	441,317.09	
Securities:		
Liberty bonds.....	47,400.00	} 455,086.35
H. & B. Car Co. stock (held in treasury).....	346,679.35	
Harbor City Land Co. stock.....	50,000.00	
Michigan City Hotel Co. stock.....	10,000.00	
War-saving stamps, etc.....	1,007.00	
Inventories.....		925,363.42
Total current assets.....		12,520,319.81
Plant and property:		
At cost.....	7,277,209.60	} 6,095,228.09
Less depreciation to January 31, 1921.....	1,181,981.51	
Total assets.....		18,615,547.90

Item.	Amount.	Aggregate.
<i>Liabilities.</i>		
Audited vouchers, pay rolls, etc.....	\$223, 739. 56	} \$443, 739. 56
Dividends declared and unpaid.....	220, 000. 00	
Accrued expense.....		
1920 Federal tax installment unpaid.....		
Reserve for operating accounts.....		73, 241. 00
		294, 058. 97
		201, 307. 53
Total.....		1, 012, 347. 06
Accrued depreciation for current fiscal year to September 30, 1921.....	200, 000. 00	} 694, 672. 19
Reserve for 1921 Federal taxes.....	494, 672. 19	
Total liabilities.....		1, 707, 019. 85
Net value of assets.....		16, 908, 528. 05

¹ Since paid and amount reinvested in United States liberty bonds.

Against this net value there is a capital stock liability amounting to \$11,000,000, leaving a surplus of \$5,908,528.05.

No valuation was placed on the good will or earning capacity of the car company.

Prices quoted on the New York Stock Exchange during the latter half of 1921 for the applicant's stock ranged from 89¼ to 111¼, and for the car company's from 50½ to 82. Upon this basis the 165,000 shares of the applicant's stock proposed to be exchanged would have been worth at the lower figure \$14,226,250, and at the higher \$18,356,250, while the total outstanding shares of the car company's stock ranged in value from \$11,110,000 to \$18,040,000. On January 3, 1922, the price of applicant's stock ranged from 105¾ to 107¼, and the car company's from 76¾ to 78¼. At the lower figures in both cases 165,000 shares of the applicant's stock would be worth \$17,448,750, and the total outstanding shares of the car company's stock would be \$16,802,500.

It is represented that the car company's assets have increased since the above date due to the completion of certain orders at a material profit. The applicant will assume all liabilities of the car company existing at the time of the purchase, which it is stated will be substantially as shown above.

Under the general corporation law of New York stockholders of the car company not assenting to the sale may have their holdings appraised, whereupon the consenting stockholders may pay the appraisals and become vested with all interests of the stockholders whose stock has been so appraised. In addition to the liabilities above mentioned, the applicant will assume and pay any excess of such appraisals over and above what can be realized from the shares of applicant's stock which would be distributed to the owners of the appraised stock had they been consenting stockholders.

It is represented that the manufacturing plant of the car company is so located that it can be used to advantage by the applicant

in the manufacture of sleeping and parlor cars in which it performs a service to the public as a common carrier.

We are of the opinion that it was not necessary for applicant to apply to us for permission to issue the securities covered by this report, but counsel for applicant thinks otherwise, and, since there is room for doubt concerning the matter, we have decided to assume jurisdiction in the premises.

We find that the proposed issue of 165,000 shares of capital stock by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

EASTMAN, Commissioner, dissenting:

I agree with the majority that it was not necessary for applicant to come to us, but do not agree that we should assume jurisdiction. Applicant is in part a common carrier and in part a manufacturing corporation. In the latter capacity it proposes to acquire the plant of another manufacturing corporation. The transaction has nothing to do with the performance of applicant's functions as a common carrier, and we ought not to add to our burdens by passing upon it unless the law requires us to do so. Our view of the law justifies us in refusing to undertake the task. If applicant thinks this view incorrect, there are means whereby it may be tested.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Pullman Company be, and it is hereby, authorized to issue not exceeding \$16,500,000 of capital stock, consisting of 165,000 shares of the par value of \$100 each; said stock to be delivered to the Haskell & Barker Car Company, Incorporated, or to its nominees, for payment in full for all the assets of the said Haskell & Barker Car Company, Incorporated, as set forth in the application.

It is further ordered, That except as herein authorized said stock shall not, unless and until so ordered by this commission, be sold, pledged, repledged, or otherwise disposed of by the applicant.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating (1) to the issue of the stock as herein authorized, and (2) to the purchase and acquisition of the assets of the said Haskell & Barker Car Company, Incorporated.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to the said stock, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 1963.

IN THE MATTER OF THE APPLICATION OF THE OREGON SHORT LINE RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS, AND OF THE UNION PACIFIC RAILROAD COMPANY TO ASSUME LIABILITY AS GUARANTOR.

Submitted January 5, 1922. Decided January 10, 1922.

Authority granted:

1. To the Oregon Short Line Railroad Company for the issue of not exceeding \$16,424,000 of consolidated first mortgage 5 per cent gold bonds, said bonds to be sold at not less than 91 per cent of par and accrued interest, and the proceeds to be used to retire maturing bonds.
2. To the Union Pacific Railroad Company to assume obligation and liability as guarantor in respect of the aforesaid bonds.
3. To the Union Pacific Railroad Company to issue temporary certificates or interim receipts pending the preparation of the aforesaid bonds in definitive form.

Henry W. Clark for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Oregon Short Line Railroad Company and the Union Pacific Railroad Company, both of which are common carriers by railroad engaged in interstate commerce, have filed a joint application under section 20a of the interstate commerce act in which the Short Line asks for authority to issue \$16,424,000 of 5 per cent bonds under its consolidated mortgage and subject to an indenture supplemental thereto, as hereinafter more particularly described, for the purpose of retiring and refunding \$14,931,000 of the Oregon Short Line Railway Company's first-mortgage 6 per cent bonds; and in which the Union Pacific asks for authority to assume obligation and liability as guarantor in respect of the payment of the principal and interest of the bonds proposed to be issued, and to issue temporary certificates or interim receipts pending the preparation of such bonds in definitive form. No objection has been made to the granting of the authority requested.

There are outstanding in the hands of the public \$14,931,000 of first-mortgage bonds issued by the Oregon Short Line Railway Company under its mortgage dated November 1, 1881, made to

Frederick L. Ames and John F. Dillon, trustees, constituting a first lien on properties purchased by the Short Line at foreclosure sale. These bonds mature February 1, 1922.

The consolidated mortgage dated March 1, 1897, made by the Short Line to the Guaranty Trust Company of New York, provides for the issue of not exceeding \$36,500,000 of bonds, of which \$12,328,000 have been issued and are now outstanding, and of which \$24,172,000 were reserved for refunding various issues of prior-lien bonds specified therein, including the bonds of the Oregon Short Line Railway Company above described. Under the provisions of article 1 of this mortgage, the Short Line is permitted to have certified and delivered to it consolidated-mortgage bonds in the ratio of \$1,100 of such bonds for each \$1,000 of the bonds to be refunded.

Under an indenture dated December 28, 1921, between the Short Line and the Guaranty Trust Company of New York, supplemental to the Short Line's consolidated mortgage of March 1, 1897, the \$24,172,000 of consolidated first-mortgage bonds reserved for issue for refunding purposes will not, when issued, become a lien upon about 291 miles of road covered by the consolidated mortgage. The property upon which the bonds will not become a lien was conveyed by the Short Line to the San Pedro, Los Angeles & Salt Lake Railroad Company by deed dated June 18, 1903.

Bonds to be issued under the consolidated mortgage and the supplement thereto will be stamped and indorsed with notice that they are subject to such supplemental indenture. On the face of each coupon attached to the bonds thus stamped there will be placed the words "Federal income tax not assumed."

The applicant now proposes to issue \$16,424,000 of the aforesaid \$24,172,000 of bonds. These bonds will be dated March 1, 1897, and mature July 1, 1946. They will bear interest at the rate of 5 per cent per annum, payable semiannually.

The Union Pacific, which owns all of the capital stock of the Short Line, proposes to assume obligation and liability in respect of the payment of the principal and interest of these bonds by indorsement of its guaranty on said bonds and under an agreement of guaranty with the Guaranty Trust Company of New York, trustee under the consolidated mortgage. A copy of this proposed agreement is filed with the application.

The \$16,424,000 of bonds proposed to be issued for refunding the \$14,931,000 of first mortgage bonds bearing interest at the rate of 6 per cent per annum, will result in an increase of \$1,493,000 in the liabilities of the Short Line. Its annual interest charges, however, will be reduced by \$74,660.

Arrangements have been made to sell these bonds to Kuhn, Loeb & Company, of New York City, at 91 per cent of par and accrued interest. On this basis, the annual cost to the applicant would be approximately 5.69 per cent.

Pending the issue of the proposed bonds in definitive form, the Union Pacific proposes to issue temporary certificates or interim receipts. These certificates or receipts are to be representative of the definitive bonds, specifying that the holder is entitled to a definitive bond bearing the guaranty of the Union Pacific as to principal and interest. They will be exchangeable for the definitive bonds which they represent as and when the latter are ready for delivery.

We find that the proposed issue of bonds by the Oregon Short Line Railroad Company and the proposed assumption of obligation and liability, as guarantor, in respect thereof and the issue of temporary certificates or interim receipts by the Union Pacific Railroad Company, as aforesaid, (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in order to retire and refund \$14,931,000, principal amount, of the Oregon Short Line Railway Company's first-mortgage 6 per cent bonds, the Oregon Short Line Railroad Company be, and it is hereby, authorized to issue not exceeding \$16,424,000, principal amount, of consolidated first-mortgage bonds under and pursuant to, and to be secured by, the consolidated mortgage dated March 1, 1897, made by the applicant to the Guaranty Trust Company of New York, trustee, and subject to an indenture supplemental thereto dated December 28, 1921; said bonds to be dated March 1, 1897, to bear interest at the rate of 5 per cent per annum, payable semiannually on January 1 and July 1 in each year, and to mature July 1, 1946; said bonds to be sold at not less than 91 per cent of par and accrued interest, and the proceeds thereof used to retire said \$14,931,000, principal amount, of the first-mortgage 6

per cent bonds of the Oregon Short Line Railway Company, which mature February 1, 1922, and any proceeds in excess of the amount required for that purpose to be applied to and for the purposes prescribed in said consolidated mortgage.

It is further ordered, That the Union Pacific Railroad Company be, and it is hereby, authorized to assume obligation and liability, as guarantor, in respect of the payment of the principal and interest of the \$16,424,000, principal amount, of bonds of the Oregon Short Line Railroad Company hereinbefore authorized to be issued, by entering into an agreement of guaranty with the Guaranty Trust Company of New York substantially in the form submitted with the application, and by indorsing upon each of said bonds its guaranty of the payment of the principal and interest thereof, in the form set forth in said proposed agreement of guaranty.

It is further ordered, That the Union Pacific Railroad Company be, and it is hereby, authorized to issue temporary certificates or interim receipts pending the preparation of the aforesaid \$16,424,000 of bonds hereinbefore authorized to be issued; said temporary certificates or interim receipts to be representative of the definitive bonds, specifying that the holder is entitled to a definitive bond bearing the guaranty of the Union Pacific Railroad Company as to the payment of principal and interest, and to be exchangeable for the definitive bonds which they represent as and when the latter are ready for delivery.

It is further ordered, That, within 10 days after the date of this order, the Oregon Short Line Railroad Company shall file with this commission a certified copy of said supplemental indenture in the form in which executed; and within 10 days after the execution and delivery of said agreement of guaranty, the Union Pacific Railroad Company shall file with this commission a certified copy thereof in the form in which executed.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicants, or either of them, unless and until so ordered by this commission.

It is further ordered, That the Oregon Short Line Railroad Company shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the issue and sale of said consolidated first-mortgage bonds, and the use of the proceeds; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 14.

IN THE MATTER OF THE APPLICATION OF THE EASTERN TEXAS RAILROAD COMPANY FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY.

Approved January 11, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.¹

It appearing, That on the 2d day of December, 1920, the Interstate Commerce Commission issued its certificate of public convenience and necessity in the above-entitled proceeding, wherein and whereby it was provided, among other things, that said Eastern Texas Railroad Company furnish to the Interstate Commerce Commission a good and sufficient bond secured by the St. Louis Southwestern Railway Company in the penal sum of \$100,000, to be approved by the secretary of the Interstate Commerce Commission, conditioned on the understanding that the said Eastern Texas Railroad Company, will, before the expiration of one year after the date of this certificate, adjust, settle, and pay all outstanding debts, obligations, judgments, liens, or mortgages, together with all taxes and assessments, Federal, State, or municipal, due or to become due, and all claims or judgments for damages to persons or property;

It further appearing, That owing to litigation which has arisen and is now pending with respect to the abandonment covered by said certificate, the said Eastern Texas Railroad Company has been prevented from settling its affairs in full compliance with the terms and conditions of said certificate, as above set forth, within the time therein fixed, and has therefore requested that the time for such compliance be extended;

And it further appearing, That the St. Louis Southwestern Railway Company, the surety on said bond, has filed with the commission its consent that the said extension be granted:

It is ordered, That the time within which said Eastern Texas Railroad Company shall adjust, settle, and pay all outstanding debts, obligations, judgments, liens, or mortgages, together with all taxes and assessments, Federal, State, or municipal, due or to become due, and all claims or judgments for damages to persons or property, be, and the same is hereby, extended until January 1, 1923, and that said certificate of December 2, 1920, be, and it is hereby, amended in accordance with the foregoing.

¹ See 65 I. C. C., 436.

FINANCE DOCKET No. 329.

IN THE MATTER OF SETTLEMENT WITH THE BUFFALO,
ROCHESTER & PITTSBURGH RAILWAY COMPANY
UNDER SECTION 209 OF THE TRANSPORTATION ACT,
1920.

Submitted January 3, 1922. Decided January 11, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Buffalo, Rochester & Pittsburgh Railway Company ascertained to be \$1,693,771.26. An aggregate amount of \$1,300,000 having been certified for payment to that company as advances under paragraph (h), and an aggregate amount of \$232,500 as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$161,271.26. Certificate issued.

William T. Noonan for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Buffalo, Rochester & Pittsburgh Railway Company, hereinafter termed the carrier, is a steam-railroad company which, during the guaranty period, engaged as a common carrier in general transportation in the States of New York and Pennsylvania. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 10, 1920, filed with us a written statement accepting the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with various supplemental statements, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. Proper adjustments have been made for the difference in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period we applied the rule set forth in the proviso in paragraph (a) of section 5 of the
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standard contract between the United States and the carrier, so far as practicable. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income for either the test period or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation, it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$1,693,771.26, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period-----	\$1, 753, 180. 40
One-half amount of annual compensation named in contract under Federal control act-----	1, 640, 943. 76
One-half of increase in annual compensation under section 4, Federal control act-----	118, 669. 21
Total amount claimed-----	3, 512, 793. 37

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equip- ment-----	\$7, 373, 339. 17
Amount fixed for maintenance of way and structures and for maintenance of equip- ment-----	5, 514, 306. 98
Deduction for maintenance-----	1, 859, 032. 19
	1, 653, 761. 18

One-half of increase in annual compensation under section 4, Federal control act, as claimed-----	\$118, 669. 21
Amount allowed as one-half of increase in annual compensation under section 4 of the Federal control act-----	123, 918. 39
Addition-----	5, 249. 18
Add amount of unaudited accounts estimated and agreed to under section 212 (b) of the transportation act, 1920-----	34, 760. 90

Amount necessary to make good the guaranty----- 1, 693, 771. 26

Certificates for advances to this carrier under paragraph (h) and for partial payments under paragraph (g) of section 209 as amended by section 212 have been issued by us on dates and in amounts as follows:

Advances:

March 26, 1920-----	\$766, 000
July 23, 1920-----	300, 000
Nov. 19, 1920-----	234, 000
Total advances certified-----	\$1, 300, 000

Partial payments:

May 7, 1921-----	\$97, 500
July 13, 1921-----	135, 000
Total partial payments certified-----	<u>\$232, 500</u>
Total payments-----	1, 532, 500

The amount still due the carrier is, therefore, \$161,271.26, for which an appropriate certificate will be issued.

Certificate No. A-608 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Buffalo, Rochester & Pittsburgh Railway Company, a corporation of the States of New York and Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$1,693,771.26 is necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$1,300,000 under three certificates, as follows:

March 26, 1920, certificate No. 2-----	\$766, 000
July 23, 1920, certificate No. 108-----	300, 000
Nov. 19, 1920, certificate No. 289-----	234, 000

and as partial payments under section 209(g), as amended by section 212, an aggregate amount of \$232,500 under two certificates, as follows:

May 7, 1921, certificate No. 445-----	\$97, 500
July 13, 1921, certificate No. 552-----	135, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the amount of advances heretofore certified under section 209(h) and partial payments heretofore certified under section 209(g), as amended by section 212, is \$161,271.26.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 11th day of January, 1922.

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FINANCE DOCKET No. 967.

IN THE MATTER OF THE APPLICATION OF HOCKING VALLEY RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted December 30, 1921. Decided January 11, 1922.

Upon supplemental application and consideration thereof, certificate of January 31, 1921, so amended as to provide for diversion of part of the proceeds of the loan and that the time within which the entire loan shall have been expended or definitely obligated for the purposes for which loaned be extended from January 1, 1922, to July 1, 1922. Previous report, 65 I. C. C., 812.

C. E. Graham for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On January 31, 1921, we issued our report and certificate No. 68 to the Secretary of the Treasury, 65 I. C. C., 812, approving the making of a loan of \$1,665,000 by the United States to the Hocking Valley Railway Company, hereinafter referred to as the applicant, to enable it to provide needed additions and betterments to roadway and structures.

Among the terms and conditions of the loan there was a requirement that the loan should be expended or obligated for the purposes to which it was dedicated on or before January 1, 1922.

On December 30, 1921, applicant filed with us a supplement to its application, requesting authority to divert a part of the proceeds of the loan from one purpose to another within the program approved under our original report in this proceeding, and for an extension of six months of the time within which to expend the proceeds of the loan.

The applicant represents to us that in preparing its original application upon which our report and certificate issued, the applicant erroneously included the estimated cost of six passing tracks, \$142,520, in a total estimated cost of the item entitled "main tracks" instead of under the proper classification of "yard tracks and sidings." The applicant acknowledges this mistake in classification and requests its correction by the granting of the authority requested.

In respect of the request for an extension of time, the applicant represents that by reason of changes in the origin and volume of coal traffic, especially as they affected certain districts of its line, and the requirements incidental to the accommodation of such traffic, as well as a general decline in all traffic, and certain isolated conditions, it has not been possible for the applicant economically to expend the entire proceeds of the loan for the purposes for which made within the time prescribed in our original report.

After investigation we find that the sum of \$142,520 should be transferred from the item "main tracks" to the item "yard tracks and sidings" included in the program approved under our original report in this proceeding, and that the time within which the applicant shall have expended or obligated the entire proceeds of the loan should be extended for a period of six months from January 1, 1922, in order to enable the applicant properly to meet the transportation needs of the public.

Amendment to Certificate No. 68 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 68 of January 31, 1921, to the Secretary of the Treasury, approving the making of a loan of \$1,665,000 by the United States to the Hocking Valley Railway Company, by changing subparagraph 5(f) thereof to read as follows:

(f) The applicant has agreed in an instrument in writing, dated December 7, 1920, supplemented January 13, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the commission on or about July 1, 1921, and January 1 and July 1, 1922, a detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1922.

Done at Washington, D. C., this 16th day of January, 1922.

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FINANCE DOCKET No. 1521.

IN THE MATTER OF THE APPLICATION OF THE GREAT
NORTHERN RAILWAY COMPANY FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted January 6, 1922. Decided January 11, 1922.

Certificate issued authorizing the abandonment of a branch line of railroad in
Stevens County, Wash.

Thomas Balmer for applicant.

L. L. Thompson, attorney general, and *Raymond W. Clifford*, assistant attorney general, for Department of Public Works and all protestants of State of Washington.

Lee & Kimball for certain protestants.

U. O. Bergen for Spokane Chamber of Commerce; *W. G. Ternan* and *J. D. Anderson* for Rossland Board of Trade; and *D. Lay* for Le Roi No. 2, Limited.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Great Northern Railway Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Great Northern, on July 13, 1921, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon a portion of a branch line of railroad in Stevens County, Wash. A number of protests against the proposed abandonment have been received from shippers and settlers along the line. A hearing was held for us by the Department of Public Works of the State of Washington, and that department has recommended that the application be granted.

The branch line which is proposed to be abandoned extends from Northport, Wash., in a northwesterly direction to Rossland, British Columbia, a distance of 16.96 miles. The applicant asks authority to abandon that portion of this branch extending from Northport to a point at or near the international boundary line between the Dominion of Canada and the United States, a distance of 7.49 miles. The portion of this branch line north of the international boundary

is owned by the Red Mountain Railway Company, which is controlled by the Great Northern. An application for authority to abandon this portion of the line is pending before the Board of Railway Commissioners for Canada.

This branch was built in 1896 and formed a part of the Spokane Falls & Northern Railway until July 1, 1907, when the property of the latter company was purchased by the Great Northern, and since then it has been operated by the latter as a part of its system. The purpose of its construction was to transport ore from Rossland to the smelter at Northport, and this traffic furnished its main source of revenue. In 1909 the smelter at Northport was closed and since then there has been practically no ore traffic. The ores formerly treated at the Northport smelter now go to the smelter at Trail, British Columbia. It is stated that all the producing mines at Rossland, excepting one, as well as the smelter at Trail, are owned by the Consolidated Mining & Smelting Company, a corporation controlled by the Canadian Pacific Railway Company. It therefore appears improbable that there will ever be a resumption of ore movement from Rossland over this branch. The evidence shows that the territory traversed is heavily timbered. While there have been some cedar poles and mining props cut by settlers and shipped over this line, there is no evidence to show when, if ever, the standing timber will be cut and marketed. The total tonnage handled for the years 1916 to 1920, inclusive, was 24,417 tons, of which forest products comprised 21,904 tons. The agricultural development in the tributary territory has been small. Applicant estimates the total at 75 to 100 acres and states that the extent of cultivation will not greatly exceed that now in cultivation, as this is not a farming country. For the five-year period ending December 31, 1920, the net revenue from railway operations showed a deficit of \$124,925.49. It appears that there is no traffic, actual or potential, that would justify the continued operation of this branch.

The only town on that part of the branch which applicant asks authority to abandon is Northport, which is situated at the junction of this branch with applicant's main line from Marcus, Wash., to Nelson, British Columbia. There is a small unincorporated community at Velvet, Wash., 7 miles from Northport, estimated to contain 10 inhabitants. The applicant states that the total population living within a distance of 3 to 5 miles on either side of the railroad and dependent upon it for rail transportation is between 50 and 75 persons. These settlers will be required to haul their products to Northport for shipment.

The only evidences of indebtedness resting upon the line in question are the Great Northern's outstanding first and refunding gold

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bonds. These securities will not be materially affected by the proposed abandonment.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of that part of the branch line of railroad herein described which lies wholly within the United States. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Great Northern Railway Company of the branch line of railroad between Northport, Wash., and a point at or near the international boundary line between the Dominion of Canada and the United States, described in the application and report aforesaid.

It is ordered, That said Great Northern Railway Company be, and it is hereby, authorized to abandon said branch line of railroad.

It is further ordered, That said Great Northern Railway Company, when filing schedules canceling tariffs applicable to said branch line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKETS Nos. 1499 AND 1675.

IN THE MATTER OF THE APPLICATION OF THE SAN DIEGO & ARIZONA RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY ON EQUIPMENT-TRUST CERTIFICATES, AND OF THE APPLICATION OF THE SOUTHERN PACIFIC COMPANY FOR AUTHORITY TO GUARANTEE SAID CERTIFICATES.

Submitted January 9, 1922. Decided January 12, 1922.

1. Authority granted to the San Diego & Arizona Railway Company to assume obligation and liability in respect of \$600,000 of San Diego & Arizona Railway Company guaranteed equipment-trust certificates, series A. by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Anglo-California Trust Company, and by the execution and delivery of a mortgage.
2. Authority granted to the Southern Pacific Company to assume obligation and liability in respect of said equipment-trust certificates by indorsement and by the execution of an agreement of guaranty with the J. D. & A. B. Spreckels Securities Company and the Anglo-California Trust Company.

Read G. Dilworth for San Diego & Arizona Railway Company.
J. P. Blair for Southern Pacific Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The San Diego & Arizona Railway Company, hereinafter called the San Diego Company, by its original and amended applications, has duly applied for authority under section 20a of the interstate commerce act (1) to assume obligation and liability in respect of \$600,000 of San Diego & Arizona Railway Company guaranteed equipment-trust certificates, series A, by entering into a lease of certain equipment to be purchased and an equipment-trust agreement under which the certificates will be issued; and (2) to guarantee said equipment-trust certificates by executing and delivering a second mortgage on certain of its real estate in San Diego County, Calif. The Southern Pacific Company, which owns one-half of the San Diego Company's capital stock, has also duly applied for authority under the same section to assume obligation or liability as guarantor in respect of the payment of the principal and dividends of the said

trust certificates and the rental payable under the said lease of the equipment. The applicants are common carriers by railroad engaged in interstate commerce. No objection has been made to the granting of the applications. As both relate to the same certificates, they will be disposed of in one report and order.

The San Diego Company represents that it is in need of additional equipment to handle its freight and passenger traffic and to perform properly its duty as a common carrier. Arrangements have been made with Robert L. Smirle and Ernest J. Berges, vendors, to procure the following equipment at the cost indicated:

5 passenger locomotives, superheated, class 4-6-0, Nos. 20, 24, 25, 26, and 27-----	\$200, 000
4 freight consolidation locomotives, superheated, class 2-8-0, Nos. 103, 104, 105, and 106-----	148, 000
1 switching locomotive, class 0-6-0, No. 2-----	12, 500
8 steel coaches, Nos. 201 to 208, inclusive-----	241, 460
3 coach baggage cars, wood underframe, two six-wheel trucks with center bearing, Nos. 176, 177, and 178-----	66, 870
4 café observation cars, wood underframe, two six-wheel trucks with center bearings, Nos. 01, 02, 03, and 04-----	90, 000
1 business car, 80-foot steel underframe, No. 050-----	50, 000
29 forty-ton box cars, steel underframe, wood superstructure, Nos. 6011 to 6039, inclusive-----	47, 850
4 cabooses, steel center sills, wood superstructure, Nos. 401 to 404, inclusive-----	14, 420
2 cylindrical cistern tank cars, steel underframe, Nos. 2603 and 2604--	2, 400
<hr/>	
Total value of equipment to be covered by equipment-trust agreement-----	873, 000

The vendors will sell, assign, and transfer this equipment to the Anglo-California Trust Company and in return the trust company will deliver to them, or upon their order, for distribution to the subscribers to the equipment trust, San Diego & Arizona Railway guaranteed equipment-trust certificates, series A, in an amount equal to 70 per cent of the cost of the trust equipment, but not to exceed \$600,000. The remainder of the purchase price and any deficiencies in the amount realized from the sale of trust certificates will be paid in cash by the San Diego Company.

The equipment-trust agreement hereinbefore mentioned, a copy of which is filed with the application, will be dated July 15, 1921, and will be entered into by and between said Smirle and Berges, as vendors, the Anglo-California Trust Company, and the San Diego Company. Pursuant to its terms the trust company, as trustee, will execute the trust certificates evidencing shares in such equipment trust. The certificates are to be in denominations of \$1,000 and \$500, or if registered, may be in multiples of \$500, payable July 15, 1936, with dividend warrants attached entitling the holders to dividends at the

rate of 6½ per cent per annum, payable semiannually on January 15 and July 15 in each year.

Simultaneously with the execution of the trust agreement, the San Diego Company will execute a lease with the Anglo-California Trust Company by which the latter will lease to the former the equipment procured from the vendors. This lease, a copy of which is filed with the application, is dated July 15, 1921, and provides, among other things, that the lessee will pay to the lessor (a) cash equal to the difference between the cost of the equipment delivered and the principal amount of trust certificates issuable in respect thereto; (b) necessary and reasonable expenses of the trust; (c) amounts equivalent to the dividend warrants payable; and (d) \$30,000 annually, on July 1 of each year from 1924 to 1929, inclusive, and \$60,000 annually, on July 1 of each year from 1930 to 1936, inclusive, unless all the certificates issued, or to be issued, shall have been previously paid in full.

Until the payments provided for in the lease shall have been fully made and completed, the lease is to continue in force, and title to the trust equipment is to remain in the trustee. When all of its requirements shall have been complied with, the lease will terminate and the trust equipment become the absolute property of the San Diego Company.

To secure the performance and observance of all covenants and conditions to be performed and observed by it in accordance with the terms of the equipment-trust agreement, and the payment of the equipment-trust certificates and the interest or dividends thereon, as provided in the lease, the San Diego Company proposes to execute and deliver to the Anglo-California Trust Company a mortgage on certain parcels of real estate described in such mortgage, subject to the prior lien of a mortgage dated July 1, 1917, made by the applicant to the United States Mortgage & Trust Company to secure an authorized bond issue of \$12,000,000. A copy of the proposed mortgage is attached to the application. Upon the fulfillment of the conditions prescribed therein, such mortgage is to be canceled and the property reconveyed to the mortgagor.

The trust certificates are to be purchased by the J. D. & A. B. Spreckels Securities Company at 95.402 per cent of par, and dividends to the date of sale. On this basis the annual cost to the applicant will be approximately 7 per cent on the proceeds of the certificates. The certificates will be sold by the Spreckels Company to the Southern Pacific Company at the same price. Arrangements have been made by the Southern Pacific Company to resell such certificates without change in price to the Anglo & London Paris National Bank and the California Company. In connection with such

sale the Southern Pacific Company and the J. D. & A. B. Spreckels Securities Company are to guarantee, jointly and severally and unconditionally, by indorsement, the payment of the principal of the trust certificates, the dividend warrants, and the rental payable under the lease. The Spreckels Company, the Southern Pacific Company, and the Anglo-California Trust Company will enter into an agreement under date of July 15, 1921, covering such guaranty. The Southern Pacific Company seeks authority to assume obligation or liability by executing, in the form given, its indorsement of guaranty on the aforesaid certificates.

The vendors propose to acquire from the San Diego Company the five passenger locomotives included in the foregoing list of equipment to be acquired, which will be sold to the trustee, and constitute a portion of the equipment underlying the equipment trust. Representation is made that the present appraised value of this equipment is not less than \$200,000. The equipment-trust agreement contemplates the inclusion of these locomotives at a value of \$200,000, and the issue of certificates at a rate of 70 per cent of that amount, or \$140,000 of certificates. The amount of the sale price, namely, \$200,000, which will accrue to the San Diego Company on the sale of the locomotives, will be used by it to liquidate part of its obligations to the Southern Pacific for advances. We are of the opinion that as a basis for the issue of certificates these locomotives should not be included at \$200,000, but at their depreciated book value of \$136,229. Our order will require the San Diego Company to deposit with the trustee under the equipment-trust agreement, in addition to all or any other payments required to be made, cash to the amount of \$63,771, to make up the deficiency between \$200,000 and \$136,229, to be used only in procuring other equipment for inclusion in said trust to cover said deficiency.

It appears that the proposed assumption of obligation and liability by the San Diego & Arizona Railway Company has been approved by the Railroad Commission of the State of California.

We find that the assumption of obligation and liability by the San Diego & Arizona Railway Company and by the Southern Pacific Company, as hereinbefore described, (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in these proceedings have been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the San Diego & Arizona Railway Company be, and it is hereby, authorized, for the purpose of acquiring possession of, the right of use, and ultimately the title to, the equipment described in the aforesaid report, to assume obligation and liability in respect of not to exceed \$600,000, principal amount, of San Diego & Arizona Railway Company guaranteed equipment-trust certificates, series A, to be issued by the Anglo-California Trust Company, (a) by entering into an agreement under date of July 15, 1921, with Robert L. Smirle and Ernest J. Berges, as vendors, and the Anglo-California Trust Company, creating said trust and providing for the issue of said certificates with dividend warrants attached; (b) by entering into a lease of the trust equipment with the said Anglo-California Trust Company, thereby agreeing to pay rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; and (c) by executing and delivering a mortgage under date of July 15, 1921, to the Anglo-California Trust Company as set forth in said report; said agreement, lease, and mortgage to be substantially the same in form and the same in substance as the proposed agreement, lease, and mortgage submitted with the application, and said certificates and dividend warrants to be substantially in the respective forms set forth in said agreement; said certificates to entitle the bearer or registered owner thereof to a share in said trust and to semiannual dividends thereon at the rate of 6½ per cent per annum, to be dated July 15, 1921, to mature July 15, 1936, and to be in denominations of \$500 and \$1,000, or, if registered, in multiples of \$500; said certificates to be sold at not less than 95.402 per cent of par and dividends to date of sale, and the entire proceeds used in the acquisition of said equipment: *Provided*, That the San Diego & Arizona Railway Company shall deposit with the trustee under said equipment-trust agreement, in addition to all or any other payments required to be made, cash in the sum of \$68,771, said cash to be used only in procuring other equipment for inclusion under said trust to cover the deficiency between \$200,000, the proposed sale price, and \$136,229, the depreciated book value, of said five passenger locomotives.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed

of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the San Diego & Arizona Railway Company shall account for the sale and lease of said five passenger locomotives on the basis of \$136,229, their depreciated book value.

It is further ordered, That the Southern Pacific Company be, and it is hereby, authorized to assume obligation and liability in respect of not to exceed \$600,000, principal amount, of San Diego & Arizona Railway Company guaranteed equipment-trust certificates, series A, by indorsement thereon of its joint and several and unconditional guaranty, in the form set forth in the application, of the payment of the principal and dividends of said certificates and the rental reserved under said lease, and by entering into an agreement, under date of July 15, 1921, with the J. D. & A. B. Spreckels Securities Company, and the Anglo-California Trust Company, as set forth in the application.

It is further ordered, That the San Diego & Arizona Railway Company shall report to this commission within 10 days thereafter, all pertinent facts relating to (1) the issue and sale of the said trust certificates, and (2) the application of the proceeds thereof, and for the period ending December 31, 1921, and for each six months' period thereafter, within 30 days after the close of each such period, the payment and cancellation of any such certificates; such reports to be rendered until all of said certificates shall have been paid and canceled; each report to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Southern Pacific Company shall report to this commission, within 10 days thereafter, all pertinent facts relating to the assumption of obligation and liability in respect of said trust certificates as aforesaid.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said trust certificates or dividends thereon, or as to any assumption of obligation or liability in respect thereto, or as to said mortgage.

FINANCE DOCKET No. 2106.

IN THE MATTER OF THE APPLICATION OF THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS FOR AUTHORITY TO ISSUE GENERAL-MORTGAGE BONDS.

Submitted December 23, 1921. Decided January 12, 1922.

Authority granted to issue \$65,000 of general-mortgage 4 per cent bonds in payment for certain real estate.

T. M. Pierce for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Terminal Railroad Association of St. Louis, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$65,000 of its general-mortgage 4 per cent bonds in payment for certain real estate. No objection has been made to the granting of the application.

It appears that the applicant has purchased for corporate purposes 6,756 square feet of city block 2254, in the city of St. Louis, Mo., from the Capital City Real Estate Investment Company, at a price of \$5,000. In payment for this real estate, the applicant proposes to deliver to the vendor thereof, upon receipt of a satisfactory deed, \$5,000 of its general-mortgage bonds. It further appears that the applicant has purchased for corporate purposes from the Hoyt Metal Company, at a price of \$60,000, lots 26 to 35, inclusive, of city block 1718E, in the city of St. Louis, Mo. In payment for these lots applicant proposes to deliver to the vendor thereof, upon receipt of a satisfactory deed, \$60,000 of its general-mortgage bonds. Each vendor has agreed to accept, in payment for the property which it is to convey to the applicant, the amount of bonds which the applicant proposes to deliver to it.

The bonds which the applicant proposes to issue are part of the \$719,000 of general-mortgage 4 per cent bonds now in its treasury, which, under the authority contained in our order of June 18, 1921, in *Bonds of Terminal R. R. Asso. of St. Louis*, 67 I. C. C., 771, have been authenticated by the corporate trustee under the mortgage securing them and delivered to the applicant in respect of expenditures for capital purposes.

We find that the proposed issue of bonds by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Terminal Railroad Association of St. Louis be, and it is hereby, authorized to issue not exceeding \$65,000, aggregate principal amount, of its general-mortgage bonds (now held in its treasury) under and pursuant to, and to be secured by, the general mortgage dated December 16, 1902, made by the applicant to the Central Trust Company of New York and William Taussig, trustees; said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually on January 1 and July 1 in each year, and to mature January 1, 1953; said bonds to be issued solely for the purpose set forth in the application and said report.

It is further ordered, That, except as herein authorized to be used, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue of said bonds; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 421.

IN THE MATTER OF THE CLAIM OF THE RECEIVER OF
THE DAYTON, TOLEDO & CHICAGO RAILWAY COM-
PANY UNDER THE PROVISIONS OF SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted May 17, 1921. Decided January 14, 1922.

The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Claim denied.

W. C. Ramsay for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation. Its line of railroad, consisting of 95.3 miles, extending from Dayton to Delphos, Ohio, connects with the Baltimore & Ohio Railroad at Dayton, as well as with several other carriers at various points on its line, which carriers were under Federal control at the termination thereof, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 13, 1920, filed with us a written statement accepting the provisions of section 209, and on March 2, 1921, it filed returns to our orders of October 18, 1920, and January 5, 1921, in which it claimed \$94,523.79 as the amount necessary to make good the guaranty under said section, being the deficit sustained during the guaranty period.

The carrier purchased the property which it is now operating on January 1, 1918. It was operated by and as a part of the Cincinnati, Hamilton & Dayton Railway during the test period, and has been operated since that date under the corporate name of the Dayton, Toledo & Chicago Railway Company.

The test period accounts of the Cincinnati, Hamilton & Dayton were so kept that it has been found impracticable, without resort to arbitrary and unsupported assumptions, to make a segregation of the result of operations during the test period of the particular prop-

erty operated by the carrier during the guaranty period. The carrier's line was under Federal control from January 1 to June 30, inclusive, 1918, and was privately operated during the remainder of the Federal control period. The carrier had no contract for compensation from the Government, nor has the President estimated any amount as just compensation. The necessary measure of the guaranty to the carrier is therefore lacking, and it is held not to be subject to the provisions of section 209. It is necessary to deny the claim, and an appropriate order will accordingly be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said claim be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1145.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO TERMINAL RAILROAD COMPANY FOR AU-
THORITY TO ISSUE CERTIFICATES OF INDEBT-
EDNESS.

Submitted December 8, 1921. Decided January 14, 1922.

Authority granted to issue \$98,685 of certificates of indebtedness, to be delivered to applicant's proprietary companies to evidence indebtedness incurred by interest payments of said company.

Marshall & Fraser for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Toledo Terminal Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue certificates of indebtedness in the aggregate face amount of \$98,685 to be delivered to its proprietary companies as evidence of its indebtedness to those companies, respectively. No objection has been made to the granting of the authority requested.

The applicant owns and operates a terminal railroad at Toledo, Ohio. Its capital stock is owned by nine railroads, hereinafter named and herein called the proprietary companies. By the terms of an agreement dated January 14, 1914, a copy of which is filed with the application, each of the proprietary companies agrees to pay its proportionate part of any deficiency between the revenues of the applicant and its necessary expenses of operation and interest charges. On November 1, 1920, interest on \$4,386,000 of applicant's bonds, amounting to \$98,685, became due and payable. Funds which would have been available to meet such interest had been expended by authority of its board of directors, each member of which represents one of the proprietary lines, for additions and betterments and in satisfaction of judgment debts. Under the provisions of the aforementioned agreement the proprietary companies paid their several proportions of the interest, as follows:

Pere Marquette Railway Company-----	\$15, 908. 00
Baltimore & Ohio Railroad Company-----	15, 908. 00
Toledo, St. Louis & Western Railroad Company---	9, 552. 72

We find that the proposed issue of bonds by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Terminal Railroad Association of St. Louis be, and it is hereby, authorized to issue not exceeding \$65,000, aggregate principal amount, of its general-mortgage bonds (now held in its treasury) under and pursuant to, and to be secured by, the general mortgage dated December 16, 1902, made by the applicant to the Central Trust Company of New York and William Taussig, trustees; said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually on January 1 and July 1 in each year, and to mature January 1, 1953; said bonds to be issued solely for the purpose set forth in the application and said report.

It is further ordered, That, except as herein authorized to be used, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue of said bonds; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 421.

IN THE MATTER OF THE CLAIM OF THE RECEIVER OF
THE DAYTON, TOLEDO & CHICAGO RAILWAY COM-
PANY UNDER THE PROVISIONS OF SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted May 17, 1921. Decided January 14, 1922.

The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Claim denied.

W. C. Ramsay for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation. Its line of railroad, consisting of 95.3 miles, extending from Dayton to Delphos, Ohio, connects with the Baltimore & Ohio Railroad at Dayton, as well as with several other carriers at various points on its line, which carriers were under Federal control at the termination thereof, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 13, 1920, filed with us a written statement accepting the provisions of section 209, and on March 2, 1921, it filed returns to our orders of October 18, 1920, and January 5, 1921, in which it claimed \$94,523.79 as the amount necessary to make good the guaranty under said section, being the deficit sustained during the guaranty period.

The carrier purchased the property which it is now operating on January 1, 1918. It was operated by and as a part of the Cincinnati, Hamilton & Dayton Railway during the test period, and has been operated since that date under the corporate name of the Dayton, Toledo & Chicago Railway Company.

The test period accounts of the Cincinnati, Hamilton & Dayton were so kept that it has been found impracticable, without resort to arbitrary and unsupported assumptions, to make a segregation of the result of operations during the test period of the particular prop-

erty operated by the carrier during the guaranty period. The carrier's line was under Federal control from January 1 to June 30, inclusive, 1918, and was privately operated during the remainder of the Federal control period. The carrier had no contract for compensation from the Government, nor has the President estimated any amount as just compensation. The necessary measure of the guaranty to the carrier is therefore lacking, and it is held not to be subject to the provisions of section 209. It is necessary to deny the claim, and an appropriate order will accordingly be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said claim be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1145.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO TERMINAL RAILROAD COMPANY FOR AU-
THORITY TO ISSUE CERTIFICATES OF INDEBT-
EDNESS.

Submitted December 8, 1921. Decided January 14, 1922.

Authority granted to issue \$98,685 of certificates of indebtedness, to be delivered to applicant's proprietary companies to evidence indebtedness incurred by interest payments of said company.

Marshall & Fraser for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Toledo Terminal Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue certificates of indebtedness in the aggregate face amount of \$98,685 to be delivered to its proprietary companies as evidence of its indebtedness to those companies, respectively. No objection has been made to the granting of the authority requested.

The applicant owns and operates a terminal railroad at Toledo, Ohio. Its capital stock is owned by nine railroads, hereinafter named and herein called the proprietary companies. By the terms of an agreement dated January 14, 1914, a copy of which is filed with the application, each of the proprietary companies agrees to pay its proportionate part of any deficiency between the revenues of the applicant and its necessary expenses of operation and interest charges. On November 1, 1920, interest on \$4,386,000 of applicant's bonds, amounting to \$98,685, became due and payable. Funds which would have been available to meet such interest had been expended by authority of its board of directors, each member of which represents one of the proprietary lines, for additions and betterments and in satisfaction of judgment debts. Under the provisions of the aforementioned agreement the proprietary companies paid their several proportions of the interest, as follows:

Pere Marquette Railway Company-----	\$15,908.00
Baltimore & Ohio Railroad Company-----	15,908.00
Toledo, St. Louis & Western Railroad Company---	9,552.72

Pennsylvania Railroad Company-----	\$9, 552. 72
New York Central Railroad Company-----	9, 552. 72
Michigan Central Railroad Company-----	9, 552. 72
Grand Trunk Western Railway Company-----	9, 552. 70
Hocking Valley Railway Company-----	9, 552. 71
Toledo & Ohio Central Railway Company-----	9, 552. 71
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Total-----	98, 685. 00

For the purpose of evidencing the indebtedness incurred by such payments authority is now sought to issue to the several proprietary companies, in the respective amounts above shown, certificates of indebtedness, payable upon demand after 60 days' notice in writing and bearing interest at the rate of 6 per cent per annum until paid. Such certificates, together with all other then outstanding notes of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the applicant then outstanding.

We find that the proposed issue of certificates of indebtedness by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Toledo Terminal Railroad Company be, and it is hereby, authorized to issue not to exceed \$98,685, face amount, of certificates of indebtedness, to be delivered to its proprietary companies, named below, for the purpose of evidencing its indebtedness to those companies for advances made to it in respect of the payment of interest on outstanding bonds; said certificates to be dated as of the date executed, to bear interest at the rate of 6 per cent per annum, to be in the form set forth in the application, and to be made payable on demand, after 60 days' notice in writing, to the said companies, in the respective amounts below indicated:

Pere Marquette Railway Company-----	\$15, 908. 00
Baltimore & Ohio Railroad Company-----	15, 908. 00
Toledo, St. Louis & Western Railroad Company---	9, 552. 72
Pennsylvania Railroad Company-----	9, 552. 72

New York Central Railroad Company-----	\$9, 552. 72
Michigan Central Railroad Company-----	9, 552. 72
Grand Trunk Western Railway Company-----	9, 552. 70
Hocking Valley Railway Company-----	9, 552. 71
Toledo & Ohio Central Railway Company-----	9, 552. 71
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Total-----	98, 685. 00

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission,

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the issue and delivery of said certificates, and (2) the payment, satisfaction, and cancellation thereof; each such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said certificates, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1569.

IN THE MATTER OF THE APPLICATION OF THE
WICHITA NORTHWESTERN RAILWAY COMPANY FOR
A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY.

Submitted January 9, 1922. Decided January 14, 1922.

Public convenience and necessity not shown to require the construction of an extension of a line of railroad in Rush County, Kans. Application denied.

Edward E. Gann for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wichita Northwestern Railway Company, a common carrier by railroad subject to the interstate commerce act, on August 30, 1921, filed an application for a certificate of public convenience and necessity pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to construct an extension to its line of railroad. Permission is requested, under paragraph (18) of section 15a, to retain the excess earnings of the line to be constructed. The Public Utilities Commission of Kansas states that, in its opinion, the application should be granted.

The applicant owns and operates 100.2 miles of standard-gauge steam railroad in southern Kansas. This mileage is made up of (1) an east-and-west line extending from Kinsley, Edwards County, through Trousdale, to Pratt, Pratt County, a distance of 52.6 miles; (2) a north-and-south line from Trousdale, through Larned, to a point near Vaughan, Pawnee County, a distance of 46.6 miles; and (3) the Iuka branch, 1 mile long. The applicant now proposes to extend the line from a point near Vaughan in a northerly direction to La Crosse, Rush County, a distance of 14 miles.

The proposed extension would traverse a rolling prairie country largely devoted to the production of grain. It is stated that there is a substantial flour-milling industry at La Crosse. The applicant estimates the population to be directly served as 8,000. Pawnee County is not included in this estimate because the present terminus is at or near the north line of that county. This extension would cross a branch line of the Atchison, Topeka & Santa Fe Railway at Rush Center and would connect with the Missouri Pacific Rail-

road's main line from Kansas City, Mo., to Pueblo, Colo., at La Crosse. The only towns that would be served by the proposed extension are Rush Center, which has a population of approximately 200, and La Crosse, with a population of 606. Vaughan is merely a track end, without population. No point on the proposed extension would be more than 4.5 miles from another railroad.

Apart from local traffic the chief utility claimed for the extension is that it would shorten the present traveled distance from points to the west reached by the Missouri Pacific Railroad from La Crosse. Applicant claims that its line as proposed to be extended would shorten the distance between La Crosse and certain points in southern Kansas from 41.7 miles to 254.1 miles, as compared with routes wholly over the Missouri Pacific Railroad. The distances saved between the same points as compared with the shortest existing rail routes via the Missouri Pacific Railroad and the Atchison, Topeka & Santa Fe Railway would range from 19.6 miles to 30 miles. Applicant asserts that the proposed extension would open up an outlet for the movement of grain from La Crosse and Rush Center to the Gulf ports for export. However, it appears that the distance from La Crosse to the Gulf ports by existing lines is less than 5 miles longer than any combination of routes that would include this extension. If shipments moved to the Gulf ports over this extension and applicant's existing line via Pratt, the distance would be 31 miles longer than by existing routes. No saving in distance would be effected from Rush Center.

Applicant estimates the cost of the extension will be \$139,759, approximately \$10,000 a mile. This estimate appears low even for the light construction indicated. The cost of road and equipment of applicant's existing line is about \$25,000 a mile. A detailed estimate of traffic to be derived by the proposed construction is submitted by the applicant. The total is 1,660 cars a year, of which 33 per cent is agricultural products and live stock originating on the proposed extension; 7 per cent is lumber, coal, and miscellaneous freight from connecting roads destined to points on the extension; and 60 per cent is freight to be received from and delivered to connecting lines, consisting chiefly of coal from Colorado destined to points in southern and southeastern Kansas and of grain and miscellaneous freight from that part of Kansas to Colorado, Utah, and beyond. It thus appears that 60 per cent of the estimated tonnage would be diverted from existing lines. Applicant claims that the connecting roads would deliver this traffic to it, because they would thereby save themselves unnecessary long hauls and would probably allow applicant in divisions of rates a less amount than their transportation costs by their present circuitous routes. It may be doubted whether

We find that the proposed issue of bonds by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Terminal Railroad Association of St. Louis be, and it is hereby, authorized to issue not exceeding \$65,000, aggregate principal amount, of its general-mortgage bonds (now held in its treasury) under and pursuant to, and to be secured by, the general mortgage dated December 16, 1902, made by the applicant to the Central Trust Company of New York and William Taussig, trustees; said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually on January 1 and July 1 in each year, and to mature January 1, 1953; said bonds to be issued solely for the purpose set forth in the application and said report.

It is further ordered, That, except as herein authorized to be used, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue of said bonds; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 421.

IN THE MATTER OF THE CLAIM OF THE RECEIVER OF
THE DAYTON, TOLEDO & CHICAGO RAILWAY COM-
PANY UNDER THE PROVISIONS OF SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted May 17, 1921. Decided January 14, 1922.

The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Claim denied.

W. C. Ramsay for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Dayton, Toledo & Chicago Railway Company (W. H. Ogborn, receiver), hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation. Its line of railroad, consisting of 95.3 miles, extending from Dayton to Delphos, Ohio, connects with the Baltimore & Ohio Railroad at Dayton, as well as with several other carriers at various points on its line, which carriers were under Federal control at the termination thereof, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 13, 1920, filed with us a written statement accepting the provisions of section 209, and on March 2, 1921, it filed returns to our orders of October 18, 1920, and January 5, 1921, in which it claimed \$94,523.79 as the amount necessary to make good the guaranty under said section, being the deficit sustained during the guaranty period.

The carrier purchased the property which it is now operating on January 1, 1918. It was operated by and as a part of the Cincinnati, Hamilton & Dayton Railway during the test period, and has been operated since that date under the corporate name of the Dayton, Toledo & Chicago Railway Company.

The test period accounts of the Cincinnati, Hamilton & Dayton were so kept that it has been found impracticable, without resort to arbitrary and unsupported assumptions, to make a segregation of the result of operations during the test period of the particular prop-

erty operated by the carrier during the guaranty period. The carrier's line was under Federal control from January 1 to June 30, inclusive, 1918, and was privately operated during the remainder of the Federal control period. The carrier had no contract for compensation from the Government, nor has the President estimated any amount as just compensation. The necessary measure of the guaranty to the carrier is therefore lacking, and it is held not to be subject to the provisions of section 209. It is necessary to deny the claim, and an appropriate order will accordingly be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said claim be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1145.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO TERMINAL RAILROAD COMPANY FOR AU-
THORITY TO ISSUE CERTIFICATES OF INDEBT-
EDNESS.

Submitted December 8, 1921. Decided January 14, 1922.

Authority granted to issue \$98,685 of certificates of indebtedness, to be delivered to applicant's proprietary companies to evidence indebtedness incurred by interest payments of said company.

Marshall & Fraser for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Toledo Terminal Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue certificates of indebtedness in the aggregate face amount of \$98,685 to be delivered to its proprietary companies as evidence of its indebtedness to those companies, respectively. No objection has been made to the granting of the authority requested.

The applicant owns and operates a terminal railroad at Toledo, Ohio. Its capital stock is owned by nine railroads, hereinafter named and herein called the proprietary companies. By the terms of an agreement dated January 14, 1914, a copy of which is filed with the application, each of the proprietary companies agrees to pay its proportionate part of any deficiency between the revenues of the applicant and its necessary expenses of operation and interest charges. On November 1, 1920, interest on \$4,386,000 of applicant's bonds, amounting to \$98,685, became due and payable. Funds which would have been available to meet such interest had been expended by authority of its board of directors, each member of which represents one of the proprietary lines, for additions and betterments and in satisfaction of judgment debts. Under the provisions of the aforementioned agreement the proprietary companies paid their several proportions of the interest, as follows:

Pere Marquette Railway Company-----	\$15, 908. 00
Baltimore & Ohio Railroad Company-----	15, 908. 00
Toledo, St. Louis & Western Railroad Company---	9, 552. 72

Pennsylvania Railroad Company-----	\$9, 552. 72
New York Central Railroad Company-----	9, 552. 72
Michigan Central Railroad Company-----	9, 552. 72
Grand Trunk Western Railway Company-----	9, 552. 70
Hocking Valley Railway Company-----	9, 552. 71
Toledo & Ohio Central Railway Company-----	9, 552. 71
Total-----	98, 685. 00

For the purpose of evidencing the indebtedness incurred by such payments authority is now sought to issue to the several proprietary companies, in the respective amounts above shown, certificates of indebtedness, payable upon demand after 60 days' notice in writing and bearing interest at the rate of 6 per cent per annum until paid. Such certificates, together with all other then outstanding notes of a maturity of two years or less, will aggregate more than 5 per cent of the par value of the securities of the applicant then outstanding.

We find that the proposed issue of certificates of indebtedness by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Toledo Terminal Railroad Company be, and it is hereby, authorized to issue not to exceed \$98,685, face amount, of certificates of indebtedness, to be delivered to its proprietary companies, named below, for the purpose of evidencing its indebtedness to those companies for advances made to it in respect of the payment of interest on outstanding bonds; said certificates to be dated as of the date executed, to bear interest at the rate of 6 per cent per annum, to be in the form set forth in the application, and to be made payable on demand, after 60 days' notice in writing, to the said companies, in the respective amounts below indicated:

Pere Marquette Railway Company-----	\$15, 908. 00
Baltimore & Ohio Railroad Company-----	15, 908. 00
Toledo, St. Louis & Western Railroad Company---	9, 552. 72
Pennsylvania Railroad Company-----	9, 552. 72

the three exchanges. The toll lines involved in the transaction comprise 37.2 miles of circuit. There are at the present 302 business telephones and 123 residence stations of the Sandusky Company which are duplicated by subscriber stations of the Ohio Company. The balance sheet of the Sandusky Company as of November 30, 1921, shows total charges to property and plant of \$184,074.12. The Public Utilities Commission of Ohio has found that the value of the Sandusky Company's physical property as of April 29, 1921, was \$140,710.95, not including intangibles, and the value including overhead allowance and working capital was \$181,044.57. The Ohio commission has heretofore entered its order approving the transaction in question and fixing local rates effective as and when the physical unification of the property shall have been completed. The income account of the Sandusky Company shows net operating revenues of \$12,713.12 for the year 1919, \$10,383.60 for the year 1920, and \$5,924.15 for the first 11 months of the year 1921. Local opinion is favorable to the proposed acquisition as the only feasible method of eliminating the present unsatisfactory duplicated service.

Upon the facts presented we find that the proposed acquisition, as set forth in the joint application, will be of advantage to the persons to whom service is to be rendered and in the public interest. A certificate to that effect will be issued.

Certificate of Advantage and Public Interest.

A hearing having been had in this proceeding, and full investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the proposed acquisition by the Ohio Bell Telephone Company of the property of the Sandusky Home Telephone Company, as described in said application and report, will be of advantage to the persons to whom service is to be rendered and in the public interest.

FINANCE DOCKET No. 2007.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted January 11, 1922. Decided January 14, 1922.

Authority granted to issue \$30,000,000 of development and general mortgage gold bonds, series A, with sheets of coupons attached covering interest at the rate of 4 per cent per annum and additional interest at the rate of $2\frac{1}{2}$ per cent per annum; said bonds to be sold at not less than 90.5 per cent of par and accrued interest, and the proceeds to be used in liquidation of existing obligations and in reimbursement of capital expenditures. Terms and conditions prescribed.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Southern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue and sell \$30,000,000 of its development and general mortgage 4 per cent gold bonds, series A, bearing an obligation to pay additional interest at the rate of $2\frac{1}{2}$ per cent per annum, making the total rate of interest $6\frac{1}{2}$ per cent per annum. No objection has been made to the granting of the authority requested.

The applicant's development and general mortgage dated April 18, 1906, to the Standard Trust Company of New York (now the Guaranty Trust Company of New York) provides for a total issue of \$200,000,000 of bonds, with rates of interest at not exceeding 4 per cent per annum. Of this authorized issue \$61,333,000 of bonds are outstanding, and \$65,724,000 in the treasury of the applicant or under pledge as collateral security for short-term obligations. By our order of December 19, 1921, in *Bonds of Southern Ry.*, 70 I. C. C., 771, the authentication and delivery to the applicant's treasurer of \$5,225,000 of bonds was authorized. When these bonds have been so authenticated and delivered, the applicant will have \$70,949,000 of bonds in its treasury and under pledge as collateral security for short-term obligations. These bonds are series-A bonds, and will mature April 1, 1956.

The applicant now seeks our authority to sell \$30,000,000 of the \$70,949,000 of bonds, the bonds when sold to carry an obligation to pay additional interest, and the proceeds to be used for the following purposes: (1) The payment of its three-year collateral gold notes maturing March 1, 1922, outstanding in the hands of the public, \$22,588,000; (2) the payment of a demand loan owed to the War Finance Corporation, \$2,355,270; and (3) to reimburse applicant's treasury for capital expenditures heretofore made.

The applicant proposes to enter into a supplemental indenture, a copy of which is filed with the application, with the trustee under its development and general mortgage of April 18, 1906. The supplemental indenture will provide, among other things, for the detachment and cancellation of the coupons now attached to the bonds proposed to be sold, and the affixing of new sheets of coupons to cover the original 4 per cent interest and the obligation to pay the additional interest. Provision is also made by the supplemental indenture for attaching to such of the bonds as may be issued as registered bonds appropriate instruments evidencing the additional interest obligation. The additional interest obligations will be unsecured. The supplemental indenture also provides that should a new mortgage be placed on any of the railways covered by the applicant's development and general mortgage, the additional interest obligations will be secured ratably with the obligations to be secured by such new mortgage.

The applicant states that arrangements have been made for the sale of the bonds at 90.5 per cent of par and accrued interest. On such basis the annual cost to the applicant will be approximately 7.25 per cent.

We find that the proposed issue of bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Southern Railway Company be, and it is hereby, authorized to issue \$30,000,000, principal amount, of its development and general mortgage bonds, series A, secured by the applicant's development and general mortgage dated April 18, 1906, to the Standard Trust Company of New York (now the Guaranty Trust Company of New York), with new sheets of coupons attached to such of said bonds as shall be issued as coupon bonds covering the obligation to pay interest at the rate of 4 per cent per annum and the obligation to pay interest in addition thereto at the rate of $2\frac{1}{2}$ per cent per annum, in lieu of the sheets of coupons now attached to said bonds, which shall be detached and canceled, and with appropriate instruments attached to such of said bonds as shall be issued as registered bonds evidencing the obligation to pay the additional interest at the rate of $2\frac{1}{2}$ per cent per annum, the obligation to pay the additional interest to be undertaken pursuant to and under a supplemental indenture to be in the form submitted with the application; said bonds to be sold at not less than 90.5 per cent of par and accrued interest, and the proceeds to be used for the purposes set forth in the application.

It is further ordered, That, except as herein authorized to be sold, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall file with this commission, within 10 days after the execution of the proposed supplemental indenture, a certified copy thereof in the form in which executed.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the issue and sale of the said bonds, and (2) the application of the proceeds, each such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2174.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted January 13, 1922. Decided January 14, 1922.

Application granted and loan of \$25,000,000 approved for the purpose of meeting at maturity, March 1, 1922, a previous loan of \$25,340,000 made to the applicant pursuant to our certificate No. 51 of December 15, 1920.

Burton Hanson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 13, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$25,340,000.
2. That the term of the loan desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to repay at maturity, March 1, 1922, a previous loan of \$25,340,000 made to the applicant under said section 210, evidenced by our certificate No. 51, dated December 15, 1920, as supplemented, to the Secretary of the Treasury, in *Loan to Chicago, Milwaukee & St. Paul Ry.*, 65 I. C. C., 491, and 67 I. C. C., 35.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is (a) \$29,000,000 of applicant's general-mortgage 5 per cent gold bonds, due 1989; and (b) \$6,829,000 of applicant's general and refunding mortgage series-Z 6 per cent gold bonds, due 2014.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to secure the 71 I. C. C.

funds necessary to meet its maturing obligation, and which it can not secure from other sources except upon prohibitive terms, thus enabling the applicant to preserve its credit and thereby properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

We are of the opinion that the making of a loan of \$25,000,000 for the purpose hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the character and value of the security offered afford reasonable assurance of its ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purpose from other sources.

An appropriate certificate will be issued.

Certificate No. 123 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. The making of a loan of \$25,000,000 by the United States to the Chicago, Milwaukee & St. Paul Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$25,000,000.

4. That the time within which the loan is to be repaid in full is five years from March 1, 1922.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of the following-described securities now held by the Secretary of the Treasury pursuant to the terms of certificate No. 51, dated December 15, 1920: (1) The applicant's general-mortgage 100-year 5 per cent gold bonds, \$29,000,000, principal amount, due 1989, issued under indenture of mortgage dated May 1, 1889, executed and delivered by the applicant to the United States Trust Company of New York as trustee. Said bonds are in denomination of \$1,000,000, are in temporary form without coupons, exchangeable for definitive bonds in the same aggregate principal amount and of the same tenor and date, in denomination of \$1,000, and are numbered 1 to 29, inclusive; and (2) applicant's general and refunding mortgage series-Z 6 per cent gold bonds, \$6,829,000, principal amount, due 2014, issued under an indenture of mortgage dated November 1, 1913, executed and delivered by the applicant to the Guaranty Trust Company of New York and Alexander J. Hemphill, as trustees. Said bonds are in temporary form without coupons, exchangeable for definitive bonds of the same date, series, aggregate principal amount, and substantially of the same tenor, and are in denominations and numbered as follows:

	Denomination.	Aggregate.
2 bonds, Nos. 51 and 52-----	\$1, 000, 000	\$2, 000, 000
4 bonds, Nos. 76 to 79 -----	1, 000, 000	4, 000, 000
1 bond, No. 249 -----	443, 000	443, 000
1 bond, No. 252 -----	200, 000	200, 000
1 bond, No. 253 -----	186, 000	186, 000
Total -----		6, 829, 000

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security

as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated January 12, 1922, and filed with the Interstate Commerce Commission, to the following conditions: The entire loan shall be used solely for the purpose of meeting the maturity of applicant's note to the United States of America, dated January 3, 1921, and payable March 1, 1922, in the principal amount of \$25,340,000. Reports to the Interstate Commerce Commission shall be made on or before May 1, 1922, of the use made in respect of said loan. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C , this 17th day of January, 1922.

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FINANCE DOCKET No. 861.

IN THE MATTER OF SETTLEMENT WITH THE URSINA
& NORTH FORK RAILWAY COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 31, 1921. Decided January 16, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Ursina & North Fork Railway Company ascertained to be \$4,150.90. Certificate issued.

I. T. Huff for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Ursina & North Fork Railway Company, hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation in the State of Pennsylvania. Its line of railroad connects with the Baltimore & Ohio Railroad at Ursina, Pa., which railroad was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 15, 1920, filed with us a written statement accepting the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with various supplemental statements, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. No adjustments are necessary for the difference in mileage under operation between the average for the test period and that of the guaranty period, as the mileage operated during both periods was the same. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test or the guaranty period. Careful consideration has been given to ac-

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counts other than maintenance, with the result that the administration account in general expenses has been found disproportionate or unreasonable to the extent of \$458.75. As a result of our investigation it is ascertained that the amount necessary to make good the guaranty to the carrier is \$4,150.90, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period-----	\$3, 730. 10
One-half amount of annual operating income of the test period----	3, 902. 77
Total amount claimed-----	<u>7, 632. 87</u>

Adjustments:

Standard return for six months as claimed by carrier_	\$3, 902. 77	
Standard return for six months as certified by the commission-----	3, 600. 91	
Deduction for standard return-----		301. 86
Amount claimed for maintenance of way and struc- tures and for maintenance of equipment-----	6, 544. 20	
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	3, 822. 84	
Deduction for maintenance-----		2, 721. 36
Deduct for disproportionate items-----		458. 75
Total deductions-----		<u>3, 481. 97</u>
Amount necessary to make good the guaranty-----		<u>4, 150. 90</u>

No certificates have previously been issued in favor of the carrier under either section 209 or section 212. The amount due the carrier is, therefore, \$4,150.90, for which an appropriate certificate will be issued.

Certificate No. A-609 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Ursina & North Fork Railway Company, a corporation of the State of Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$4,150.90 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 16th day of January, 1922.

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FINANCE DOCKET No. 1436.

IN THE MATTER OF THE APPLICATION OF THE SPRINGFIELD TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK. .

Submitted December 20, 1921. Decided January 16, 1922.

Authority granted to issue \$21,700 of capital stock; said stock to be sold at not less than par and the proceeds used for construction purposes. Previous report, 70 I. C. C., 258.

W. M. Hopkins for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Springfield Terminal Railway Company, a common carrier by railroad engaged in interstate commerce, by a supplemental application in this proceeding, seeks authority under section 20a of the interstate commerce act to issue \$37,500 of capital stock for the purpose of constructing a certain sidetrack, and to capitalize heretofore uncapitalized assets which have been charged to capital account. No objection has been made to the granting of the application.

By the original application in this proceeding the applicant sought authority to issue \$100,000 of capital stock for the purpose of liquidating current indebtedness and reducing outstanding demand notes. We decided that of this amount only \$62,514 represented expenditures for capital purposes, and on July 27, 1921, authorized \$62,500 of capital stock to be issued in respect thereof, 70 I. C. C., 258.

The applicant now seeks authority to issue the remaining \$37,500 of capital stock, but in support of this application it shows a proposed capital expenditure of only \$21,727.71, based on an estimate by its engineers of the cost of constructing a sidetrack to serve the Bissell Coal Company at Bissell, Ill. Therefore, only to the extent, approximately, of the proposed capital expenditures will this application be granted.

We find that the proposed issue of stock by the applicant to the extent of \$21,700 (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary
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It is ordered, That the Southern Railway Company be, and it is hereby, authorized to issue \$30,000,000, principal amount, of its development and general mortgage bonds, series A, secured by the applicant's development and general mortgage dated April 18, 1906, to the Standard Trust Company of New York (now the Guaranty Trust Company of New York), with new sheets of coupons attached to such of said bonds as shall be issued as coupon bonds covering the obligation to pay interest at the rate of 4 per cent per annum and the obligation to pay interest in addition thereto at the rate of $2\frac{1}{2}$ per cent per annum, in lieu of the sheets of coupons now attached to said bonds, which shall be detached and canceled, and with appropriate instruments attached to such of said bonds as shall be issued as registered bonds evidencing the obligation to pay the additional interest at the rate of $2\frac{1}{2}$ per cent per annum, the obligation to pay the additional interest to be undertaken pursuant to and under a supplemental indenture to be in the form submitted with the application; said bonds to be sold at not less than 90.5 per cent of par and accrued interest, and the proceeds to be used for the purposes set forth in the application.

It is further ordered, That, except as herein authorized to be sold, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall file with this commission, within 10 days after the execution of the proposed supplemental indenture, a certified copy thereof in the form in which executed.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the issue and sale of the said bonds, and (2) the application of the proceeds, each such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2174.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted January 13, 1922. Decided January 14, 1922.

Application granted and loan of \$25,000,000 approved for the purpose of meeting at maturity, March 1, 1922, a previous loan of \$25,340,000 made to the applicant pursuant to our certificate No. 51 of December 15, 1920.

Burton Hanson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 13, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$25,340,000.
2. That the term of the loan desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to repay at maturity, March 1, 1922, a previous loan of \$25,340,000 made to the applicant under said section 210, evidenced by our certificate No. 51, dated December 15, 1920, as supplemented, to the Secretary of the Treasury, in *Loan to Chicago, Milwaukee & St. Paul Ry.*, 65 I. C. C., 491, and 67 I. C. C., 35.
4. The present and prospective ability of the applicant to repay the loan and to meet its obligations in regard thereto.
5. That the security offered is (a) \$29,000,000 of applicant's general-mortgage 5 per cent gold bonds, due 1989; and (b) \$6,829,000 of applicant's general and refunding mortgage series-Z 6 per cent gold bonds, due 2014.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to secure the 71 I. C. C.

as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated January 12, 1922, and filed with the Interstate Commerce Commission, to the following conditions: The entire loan shall be used solely for the purpose of meeting the maturity of applicant's note to the United States of America, dated January 3, 1921, and payable March 1, 1922, in the principal amount of \$25,340,000. Reports to the Interstate Commerce Commission shall be made on or before May 1, 1922, of the use made in respect of said loan. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C , this 17th day of January, 1922.

71 I. C. C.

FINANCE DOCKET No. 861.

IN THE MATTER OF SETTLEMENT WITH THE URSINA
& NORTH FORK RAILWAY COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 31, 1921. Decided January 16, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Ursina & North Fork Railway Company ascertained to be \$4,150.90. Certificate issued.

I. T. Huff for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Ursina & North Fork Railway Company, hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation in the State of Pennsylvania. Its line of railroad connects with the Baltimore & Ohio Railroad at Ursina, Pa., which railroad was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 15, 1920, filed with us a written statement accepting the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with various supplemental statements, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. No adjustments are necessary for the difference in mileage under operation between the average for the test period and that of the guaranty period, as the mileage operated during both periods was the same. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test or the guaranty period. Careful consideration has been given to ac-

as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated January 12, 1922, and filed with the Interstate Commerce Commission, to the following conditions: The entire loan shall be used solely for the purpose of meeting the maturity of applicant's note to the United States of America, dated January 3, 1921, and payable March 1, 1922, in the principal amount of \$25,340,000. Reports to the Interstate Commerce Commission shall be made on or before May 1, 1922, of the use made in respect of said loan. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in this agreement, the whole or any part of the obligation evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 17th day of January, 1922.

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FINANCE DOCKET No. 861.

IN THE MATTER OF SETTLEMENT WITH THE URSINA
& NORTH FORK RAILWAY COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 31, 1921. Decided January 16, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Ursina & North Fork Railway Company ascertained to be \$4,150.90. Certificate issued.

I. T. Huff for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ursina & North Fork Railway Company, hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation in the State of Pennsylvania. Its line of railroad connects with the Baltimore & Ohio Railroad at Ursina, Pa., which railroad was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 15, 1920, filed with us a written statement accepting the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with various supplemental statements, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. No adjustments are necessary for the difference in mileage under operation between the average for the test period and that of the guaranty period, as the mileage operated during both periods was the same. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test or the guaranty period. Careful consideration has been given to ac-

counts other than maintenance, with the result that the administration account in general expenses has been found disproportionate or unreasonable to the extent of \$458.75. As a result of our investigation it is ascertained that the amount necessary to make good the guaranty to the carrier is \$4,150.90, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period-----	\$3, 730. 10
One-half amount of annual operating income of the test period---	3, 902. 77
Total amount claimed-----	<u>7, 632. 87</u>

Adjustments:

Standard return for six months as claimed by carrier_	\$3, 902. 77	
Standard return for six months as certified by the commission-----	3, 600. 91	
Deduction for standard return-----		301. 86
Amount claimed for maintenance of way and struc- tures and for maintenance of equipment-----	6, 544. 20	
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	3, 822. 84	
Deduction for maintenance-----		2, 721. 36
Deduct for disproportionate items-----		458. 75
Total deductions-----		<u>3, 481. 97</u>
Amount necessary to make good the guaranty-----		4, 150. 90

No certificates have previously been issued in favor of the carrier under either section 209 or section 212. The amount due the carrier is, therefore, \$4,150.90, for which an appropriate certificate will be issued.

Certificate No. A-609 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Ursina & North Fork Railway Company, a corporation of the State of Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$4,150.90 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 16th day of January, 1922.

71 I. C. C.

FINANCE DOCKET No. 1436.

IN THE MATTER OF THE APPLICATION OF THE SPRINGFIELD TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK. .

Submitted December 20, 1921. Decided January 16, 1922.

Authority granted to issue \$21,700 of capital stock; said stock to be sold at not less than par and the proceeds used for construction purposes. Previous report, 70 I. C. C., 258.

W. M. Hopkins for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Springfield Terminal Railway Company, a common carrier by railroad engaged in interstate commerce, by a supplemental application in this proceeding, seeks authority under section 20a of the interstate commerce act to issue \$37,500 of capital stock for the purpose of constructing a certain sidetrack, and to capitalize heretofore uncapitalized assets which have been charged to capital account. No objection has been made to the granting of the application.

By the original application in this proceeding the applicant sought authority to issue \$100,000 of capital stock for the purpose of liquidating current indebtedness and reducing outstanding demand notes. We decided that of this amount only \$62,514 represented expenditures for capital purposes, and on July 27, 1921, authorized \$62,500 of capital stock to be issued in respect thereof, 70 I. C. C., 258.

The applicant now seeks authority to issue the remaining \$37,500 of capital stock, but in support of this application it shows a proposed capital expenditure of only \$21,727.71, based on an estimate by its engineers of the cost of constructing a sidetrack to serve the Bissell Coal Company at Bissell, Ill. Therefore, only to the extent, approximately, of the proposed capital expenditures will this application be granted.

We find that the proposed issue of stock by the applicant to the extent of \$21,700 (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary
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and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Springfield Terminal Railway Company be, and it is hereby, authorized to issue \$21,700 of capital stock consisting of 217 shares of the par value of \$100; said stock to be represented by certificates in the form submitted with the original application in this proceeding; said stock to be sold for cash at not less than par, and the proceeds of the sale thereof used solely for the construction of a sidetrack to serve the Bissell Coal Company at Bissell, Ill., as set forth in the application.

It is further ordered, That, except as herein authorized to be issued, said stock shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, nor shall the proceeds of the sale thereof be used for any purpose other than herein prescribed, unless and until so ordered by this commission.

It is further ordered, That the applicant shall report to this commission (1) within 10 days thereafter, all pertinent facts relating to the issue of said stock, and (2) for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such period, all pertinent facts relative to the use of the proceeds of sale, and continue to make such reports until all of the proceeds shall have been used; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

FINANCE DOCKET No. 1541.

IN THE MATTER OF THE APPLICATION OF THE MIDLAND VALLEY RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted December 9, 1921. Decided January 16, 1922.

Authority granted to issue \$363,000 of first-mortgage 5 per cent gold bonds; said bonds to be sold at not less than 75 per cent of par, or to be pledged or repledged as collateral security for notes issued under paragraph (9) of section 20a of the interstate commerce act.

O. E. Swan for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Midland Valley Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$363,000 of its first-mortgage 5 per cent gold bonds, in order to reimburse its treasury for expenditures made from income for capital purposes. The applicant proposes to sell the bonds at not less than 75 per cent of par, but, until they are sold, to pledge or repledge them as collateral security for any note or notes which it may issue under paragraph (9) of section 20a. No objection has been made to the granting of the authority requested.

The first mortgage dated April 1, 1913, made by the applicant to the Girard Trust Company, provides for the issue of \$15,000,000 of bonds, of which \$5,224,000 are now outstanding. By section 11 of Article IV of this mortgage it is provided that there shall be set apart and applied to the making of additions, improvements, and betterments to and upon the system of railroad then owned by the applicant a sum not less than \$100 per mile per annum and not exceeding \$250 per mile per annum of the railroad then operated, and that upon the sum so set apart no additional mortgage bonds shall be issued for purposes of reimbursement. The mortgage further provides for the issue of bonds to the extent of 85 per cent of such expenditures over and above the amounts so set apart.

During the period from January 1, 1918, to December 31, 1920, inclusive, the applicant expended for investment in road the sum

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of \$600,590.17, of which \$172,425 was set apart in accordance with section 11 of Article IV, leaving \$428,165.17 available as a basis of capitalization. The applicant proposes to issue \$363,000 of bonds in respect of \$427,058.82 of the amount thus shown to be available for capitalization. These bonds will be dated April 1, 1913, and mature April 1, 1943.

Although no definite arrangements have been made to sell the bonds, the applicant contemplates selling them in the open market or through brokers at not less than 75 per cent of par and accrued interest, with a selling commission of not to exceed 2 per cent. On this basis the annual cost to the applicant would be approximately 7.6 per cent on the proceeds of the bonds. Until they are sold, however, the applicant desires to use them as security for short-term notes.

We find that the proposed issue of first-mortgage 5 per cent gold bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That in order to reimburse its treasury for expenditures from income for capital purposes, the Midland Valley Railroad Company be, and it is hereby, authorized to issue not to exceed \$363,000, principal amount, of its first-mortgage 5 per cent gold bonds, under and pursuant to, and to be secured by, the first mortgage dated April 1, 1913, made by the applicant to the Girard Trust Company, trustee; said bonds to be dated April 1, 1913, to mature April 1, 1943, to bear interest at the rate of 5 per cent per annum, payable semiannually on April 1 and October 1 in each year, and to be substantially in the form set forth in said first mortgage; said bonds to be sold at such price, not less than 75 per cent of par and accrued interest, that the total annual cost to applicant, including interest, discount, commissions, attorneys' fees, and all other costs of sale, shall not exceed 7.6 per cent of the proceeds; or all or any part of said bonds to be pledged or repledged from time to time until otherwise ordered, as collateral security for any note or notes which the appli-

cant may issue within the limitations of paragraph (9) of section 20a of the interstate commerce act without our authorization, such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds, at their prevailing market price at the time of pledge, for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to the issue and sale of said bonds, as herein authorized; within 10 days after the pledge or repledge of any of said bonds, as herein authorized, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall report to this commission all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 1810.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, CHICAGO & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted December 20, 1921. Decided January 16, 1922.

1. Authority granted to issue \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds.
2. Authority granted to pledge \$1,008,000, series-A, and \$381,000, series-B, second and improvement mortgage 6 per cent gold bonds as collateral security for a 6 per cent promissory note for \$1,000,000 to be issued to the Director General of Railroads.
3. Authority granted to pledge and repledge from time to time, until otherwise ordered, all or any part of \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

H. D. Howe for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York, Chicago & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds; (2) to pledge \$1,008,000, series-A, and \$381,000, series-B, second and improvement mortgage 6 per cent gold bonds, as collateral security for a 6 per cent promissory note for \$1,000,000 to be issued by the applicant to the Director General of Railroads; and (3) to pledge all or any part of \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which it may issue under paragraph (9) of section 20a of the interstate commerce act. No objection has been made to the granting of the application.

Under the provisions of the applicant's second and improvement mortgage dated May 1, 1918, to the First Trust & Savings Company, and Walter J. Riley, trustees, a copy of which heretofore has been

filed with us, the authorized issue of bonds is limited so that the amount thereof outstanding at any one time, together with its 25-year 4 per cent gold bonds of 1906, amounting to \$10,000,000, shall never exceed \$35,000,000. The bonds are to be issued in series, to bear such rates of interest as the board of directors may determine, and to mature not later than May 1, 1931. Of the \$25,000,000 of bonds issuable under the mortgage not exceeding \$7,000,000 may be issued as the first series, designated series A. Of these bonds \$5,992,000 have been issued, of which \$4,956,000 are now held by the public, and \$1,036,000 remain in the applicant's treasury. Pursuant to the provisions of the mortgage, the directors have authorized an issue of not exceeding \$5,000,000 of series-B bonds, of which \$3,027,000 are now proposed to be issued.

Under the terms of this mortgage, bonds may be authenticated and delivered by the corporate trustee in reimbursement of expenditures made after the date of the mortgage, or to pay or refund any indebtedness incurred, in respect of, among other purposes, the construction or acquisition of road and equipment, and the relocation, reconstruction, enlargement, and improvement of its tracks, facilities, and properties. The applicant shows that subsequent to the date of the mortgage it expended \$4,035,914.96 from income, or other moneys not procured by the issuance of stock, bonds, notes, or other evidences of indebtedness, for additions and betterments to road and equipment, and for retirement of funded debt, as follows:

For additions and betterments made to its road and equipment during the period from May 1, 1918, to February 29, 1920, inclusive	\$1, 650, 969. 95
For additions and betterments made to its road and equipment during the period from April 1, 1920, to September 30, 1921, inclusive	1, 912, 709. 51
For retirement of funded debt during the period from April 1, 1920, to September 30, 1921, inclusive.....	472. 235. 50
Total.....	4, 035,914. 96

The applicant therefore is now entitled to have authenticated and delivered to it by the trustee bonds for a like amount in order to reimburse its treasury for expenditures so made. The bonds of series A will be dated May 1, 1918, and those of series B, November 1, 1921. Bonds of both series will bear interest at the rate of 6 per cent per annum.

It appears that on August 23, 1921, the applicant and the Director General of Railroads entered into a final settlement agreement affecting all claims, rights, and demands growing out of the possession, use, and operation of the applicant's property by the United States during the period of Federal control, in which it is stipulated that

the director general will fund for a period of 10 years, beginning March 1, 1920, indebtedness of the carrier to the United States in respect of additions and betterments made to its property during that period, amounting to \$1,000,000. The applicant is required to issue to the director general its promissory note for \$1,000,000, payable March 1, 1930, with interest at the rate of 6 per cent per annum, payable semiannually. The applicant proposes to pledge \$1,008,000 of series-A bonds and \$381,000 of the series-B bonds as collateral security for this note.

The applicant seeks authority to pledge all or any part of the second and improvement mortgage bonds, series A and B, in the aggregate amount of \$4,035,000, not at the time pledged with the Director General of Railroads, as security for notes it may issue within the limitations prescribed by paragraph (9) of section 20a.

We find that the proposed issue of second and improvement mortgage bonds by the applicant as aforesaid (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to issue not exceeding \$1,008,000, principal amount, of second and improvement mortgage bonds, series A, and \$3,027,000, principal amount, of second and improvement mortgage bonds, series B, under and pursuant to, and to be secured by, the second and improvement mortgage dated May 1, 1918, made by the applicant to the First Trust & Savings Company and Walter J. Riley, trustees; said series-A bonds to be dated May 1, 1918, and series-B bonds to be dated November 1, 1921; said bonds of both series to bear interest at the rate of 6 per cent per annum, payable semiannually on May 1 and November 1 in each year, to mature May 1, 1931, and to be redeemable as an entirety on May 1 and November 1 in any year at 102; said bonds to be pledged as hereinafter authorized.

It is further ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to pledge with

the Director General of Railroads not exceeding \$1,008,000, principal amount, of said series-A, and \$381,000, principal amount, of said series-B, second and improvement mortgage bonds, as collateral security for a 6 per cent promissory note for \$1,000,000, face amount, payable to the order of said Director General of Railroads, to be issued by the applicant as set forth in said report.

It is further ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to pledge and repledge, from time to time, until otherwise ordered, not exceeding \$1,008,000, principal amount, of said series-A, and \$3,027,000, principal amount, of said series-B, second and improvement mortgage bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which it may issue within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the issue of said bonds, the pledge of any part thereof with said director general, and the release of bonds from such pledge; within 10 days after the pledge or repledge of any of said bonds, as otherwise herein authorized, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall report to this commission all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1902.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE RAILROAD OF THE WEST SIDE BELT RAILROAD COMPANY.

Submitted December 27, 1921. Decided January 16, 1922.

Authority granted to the Pittsburgh & West Virginia Railway Company to acquire control of the railroad of the West Side Belt Railroad Company through an agreement providing for the operation of the properties of both companies by the first-named company.

Frank M. Swacker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Pittsburgh & West Virginia Railway Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Pittsburgh Company, on December 1, 1921, filed an application pursuant to paragraph (2) of section 5 of the interstate commerce act, for an order approving a contract made by it with the West Side Belt Railroad Company, hereinafter called the Belt Company, providing that the railroad properties of the two companies shall be operated by the Pittsburgh Company. A hearing was held upon this application as provided by law.

The railroad of the Belt Company extends from West End, Pittsburgh, Pa., in a general southerly direction to Clairton, Pa., a distance of 22.63 miles. It does not parallel or compete with the line of the Pittsburgh Company.

By the terms of the proposed contract, the railroad properties of the two companies are to be operated by the Pittsburgh Company for the accounts of the respective parties, and the railway operating income and the equipment and joint-facility rents are to be divided between the parties as of December 31 in each year in proportion to their respective relative investment in road and equipment on such date. Any deficit resulting from such operation will be assumed by the parties in the same proportion. The contract is to become effective as of January 1, 1921, and is to continue in force until December 31, 1925, unless sooner terminated by mutual agreement. It is stated that the object of making the contract retroactive

to January 1, 1921, is to eliminate the expense of separate accounting incident to the fiscal year 1921.

The entire capital stock of the Belt Company, amounting to \$1,080,000, is owned by the Pittsburgh Company. The general balance sheet of the Belt Company, as of September 30, 1921, showed an unmatured funded debt of \$1,655,000, a profit-and-loss debit balance of \$1,176,527.83, an investment in road and equipment of \$7,710,912.68, and a total corporate surplus of \$543,140.89. For the year ending December 31, 1920, its operating revenues were \$857,227.13, its railway operating income was \$45,705.96, and its net income was \$383,139.82.

The general balance sheet of the Pittsburgh Company, as of September 30, 1921, showed an investment in road and equipment of \$30,081,889.61, a profit-and-loss credit balance of \$201,658.16, and a total corporate surplus of \$2,111,163.70. It has no unmatured funded debt. For the year ending December 31, 1920, its operating revenues were \$2,619,605.02, its railway operating income showed a deficit of \$321,917.27, and its net income was \$17,546.10.

It is stated that much of the operation of the two railroads is at present being conducted by joint employees, and that it is necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation. The applicant claims that the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental.

Upon the facts presented we find that the proposed acquisition of control of the West Side Belt Railroad by the Pittsburgh & West Virginia Railway Company through the execution of the contract described in the application will be in the public interest. An order will be entered accordingly.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Pittsburgh & West Virginia Railway Company of control of the railroad of the West Side Belt Railroad Company by the execution of a contract whereby the said Pittsburgh & West Virginia Railway Company will operate the said railroad, as described in the application and report aforesaid, be, and the same is hereby, approved and authorized.

of \$600,590.17, of which \$172,425 was set apart in accordance with section 11 of Article IV, leaving \$428,165.17 available as a basis of capitalization. The applicant proposes to issue \$363,000 of bonds in respect of \$427,058.82 of the amount thus shown to be available for capitalization. These bonds will be dated April 1, 1913, and mature April 1, 1943.

Although no definite arrangements have been made to sell the bonds, the applicant contemplates selling them in the open market or through brokers at not less than 75 per cent of par and accrued interest, with a selling commission of not to exceed 2 per cent. On this basis the annual cost to the applicant would be approximately 7.6 per cent on the proceeds of the bonds. Until they are sold, however, the applicant desires to use them as security for short-term notes.

We find that the proposed issue of first-mortgage 5 per cent gold bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That in order to reimburse its treasury for expenditures from income for capital purposes, the Midland Valley Railroad Company be, and it is hereby, authorized to issue not to exceed \$363,000, principal amount, of its first-mortgage 5 per cent gold bonds, under and pursuant to, and to be secured by, the first mortgage dated April 1, 1913, made by the applicant to the Girard Trust Company, trustee; said bonds to be dated April 1, 1913, to mature April 1, 1943, to bear interest at the rate of 5 per cent per annum, payable semiannually on April 1 and October 1 in each year, and to be substantially in the form set forth in said first mortgage; said bonds to be sold at such price, not less than 75 per cent of par and accrued interest, that the total annual cost to applicant, including interest, discount, commissions, attorneys' fees, and all other costs of sale, shall not exceed 7.6 per cent of the proceeds; or all or any part of said bonds to be pledged or repledged from time to time until otherwise ordered, as collateral security for any note or notes which the appli-

cant may issue within the limitations of paragraph (9) of section 20a of the interstate commerce act without our authorization, such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds, at their prevailing market price at the time of pledge, for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to the issue and sale of said bonds, as herein authorized; within 10 days after the pledge or repledge of any of said bonds, as herein authorized, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall report to this commission all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 1810.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, CHICAGO & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted December 20, 1921. Decided January 16, 1922.

1. Authority granted to issue \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds.
2. Authority granted to pledge \$1,008,000, series-A, and \$381,000, series-B, second and improvement mortgage 6 per cent gold bonds as collateral security for a 6 per cent promissory note for \$1,000,000 to be issued to the Director General of Railroads.
3. Authority granted to pledge and repledge from time to time, until otherwise ordered, all or any part of \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

H. D. Howe for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York, Chicago & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds; (2) to pledge \$1,008,000, series-A, and \$381,000, series-B, second and improvement mortgage 6 per cent gold bonds, as collateral security for a 6 per cent promissory note for \$1,000,000 to be issued by the applicant to the Director General of Railroads; and (3) to pledge all or any part of \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which it may issue under paragraph (9) of section 20a of the interstate commerce act. No objection has been made to the granting of the application.

Under the provisions of the applicant's second and improvement mortgage dated May 1, 1918, to the First Trust & Savings Company, and Walter J. Riley, trustees, a copy of which heretofore has been

filed with us, the authorized issue of bonds is limited so that the amount thereof outstanding at any one time, together with its 25-year 4 per cent gold bonds of 1906, amounting to \$10,000,000, shall never exceed \$35,000,000. The bonds are to be issued in series, to bear such rates of interest as the board of directors may determine, and to mature not later than May 1, 1931. Of the \$25,000,000 of bonds issuable under the mortgage not exceeding \$7,000,000 may be issued as the first series, designated series A. Of these bonds \$5,992,000 have been issued, of which \$4,956,000 are now held by the public, and \$1,036,000 remain in the applicant's treasury. Pursuant to the provisions of the mortgage, the directors have authorized an issue of not exceeding \$5,000,000 of series-B bonds, of which \$3,027,000 are now proposed to be issued.

Under the terms of this mortgage, bonds may be authenticated and delivered by the corporate trustee in reimbursement of expenditures made after the date of the mortgage, or to pay or refund any indebtedness incurred, in respect of, among other purposes, the construction or acquisition of road and equipment, and the relocation, reconstruction, enlargement, and improvement of its tracks, facilities, and properties. The applicant shows that subsequent to the date of the mortgage it expended \$4,035,914.96 from income, or other moneys not procured by the issuance of stock, bonds, notes, or other evidences of indebtedness, for additions and betterments to road and equipment, and for retirement of funded debt, as follows:

For additions and betterments made to its road and equipment during the period from May 1, 1918, to February 29, 1920, inclusive	\$1, 650, 969. 95
For additions and betterments made to its road and equipment during the period from April 1, 1920, to September 30, 1921, inclusive	1, 912, 709. 51
For retirement of funded debt during the period from April 1, 1920, to September 30, 1921, inclusive.....	472. 235. 50
Total.....	4, 035,914. 96

The applicant therefore is now entitled to have authenticated and delivered to it by the trustee bonds for a like amount in order to reimburse its treasury for expenditures so made. The bonds of series A will be dated May 1, 1918, and those of series B, November 1, 1921. Bonds of both series will bear interest at the rate of 6 per cent per annum.

It appears that on August 23, 1921, the applicant and the Director General of Railroads entered into a final settlement agreement affecting all claims, rights, and demands growing out of the possession, use, and operation of the applicant's property by the United States during the period of Federal control, in which it is stipulated that

the director general will fund for a period of 10 years, beginning March 1, 1920, indebtedness of the carrier to the United States in respect of additions and betterments made to its property during that period, amounting to \$1,000,000. The applicant is required to issue to the director general its promissory note for \$1,000,000, payable March 1, 1930, with interest at the rate of 6 per cent per annum, payable semiannually. The applicant proposes to pledge \$1,008,000 of series-A bonds and \$381,000 of the series-B bonds as collateral security for this note.

The applicant seeks authority to pledge all or any part of the second and improvement mortgage bonds, series A and B, in the aggregate amount of \$4,035,000, not at the time pledged with the Director General of Railroads, as security for notes it may issue within the limitations prescribed by paragraph (9) of section 20a.

We find that the proposed issue of second and improvement mortgage bonds by the applicant as aforesaid (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to issue not exceeding \$1,008,000, principal amount, of second and improvement mortgage bonds, series A, and \$3,027,000, principal amount, of second and improvement mortgage bonds, series B, under and pursuant to, and to be secured by, the second and improvement mortgage dated May 1, 1918, made by the applicant to the First Trust & Savings Company and Walter J. Riley, trustees; said series-A bonds to be dated May 1, 1918, and series-B bonds to be dated November 1, 1921; said bonds of both series to bear interest at the rate of 6 per cent per annum, payable semiannually on May 1 and November 1 in each year, to mature May 1, 1931, and to be redeemable as an entirety on May 1 and November 1 in any year at 102; said bonds to be pledged as hereinafter authorized.

It is further ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to pledge with

the Director General of Railroads not exceeding \$1,008,000, principal amount, of said series-A, and \$381,000, principal amount, of said series-B, second and improvement mortgage bonds, as collateral security for a 6 per cent promissory note for \$1,000,000, face amount, payable to the order of said Director General of Railroads, to be issued by the applicant as set forth in said report.

It is further ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to pledge and repledge, from time to time, until otherwise ordered, not exceeding \$1,008,000, principal amount, of said series-A, and \$3,027,000, principal amount, of said series-B, second and improvement mortgage bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which it may issue within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the issue of said bonds, the pledge of any part thereof with said director general, and the release of bonds from such pledge; within 10 days after the pledge or repledge of any of said bonds, as otherwise herein authorized, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall report to this commission all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1902.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE RAILROAD OF THE WEST SIDE BELT RAILROAD COMPANY.

Submitted December 27, 1921. Decided January 16, 1922.

Authority granted to the Pittsburgh & West Virginia Railway Company to acquire control of the railroad of the West Side Belt Railroad Company through an agreement providing for the operation of the properties of both companies by the first-named company.

Frank M. Swacker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Pittsburgh & West Virginia Railway Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Pittsburgh Company, on December 1, 1921, filed an application pursuant to paragraph (2) of section 5 of the interstate commerce act, for an order approving a contract made by it with the West Side Belt Railroad Company, hereinafter called the Belt Company, providing that the railroad properties of the two companies shall be operated by the Pittsburgh Company. A hearing was held upon this application as provided by law.

The railroad of the Belt Company extends from West End, Pittsburgh, Pa., in a general southerly direction to Clairton, Pa., a distance of 22.63 miles. It does not parallel or compete with the line of the Pittsburgh Company.

By the terms of the proposed contract, the railroad properties of the two companies are to be operated by the Pittsburgh Company for the accounts of the respective parties, and the railway operating income and the equipment and joint-facility rents are to be divided between the parties as of December 31 in each year in proportion to their respective relative investment in road and equipment on such date. Any deficit resulting from such operation will be assumed by the parties in the same proportion. The contract is to become effective as of January 1, 1921, and is to continue in force until December 31, 1925, unless sooner terminated by mutual agreement. It is stated that the object of making the contract retroactive

to January 1, 1921, is to eliminate the expense of separate accounting incident to the fiscal year 1921.

The entire capital stock of the Belt Company, amounting to \$1,080,000, is owned by the Pittsburgh Company. The general balance sheet of the Belt Company, as of September 30, 1921, showed an unmatured funded debt of \$1,655,000, a profit-and-loss debit balance of \$1,176,527.83, an investment in road and equipment of \$7,710,912.68, and a total corporate surplus of \$543,140.89. For the year ending December 31, 1920, its operating revenues were \$857,227.13, its railway operating income was \$45,705.96, and its net income was \$383,139.82.

The general balance sheet of the Pittsburgh Company, as of September 30, 1921, showed an investment in road and equipment of \$30,081,889.61, a profit-and-loss credit balance of \$201,658.16, and a total corporate surplus of \$2,111,163.70. It has no unmatured funded debt. For the year ending December 31, 1920, its operating revenues were \$2,619,605.02, its railway operating income showed a deficit of \$321,917.27, and its net income was \$17,546.10.

It is stated that much of the operation of the two railroads is at present being conducted by joint employees, and that it is necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation. The applicant claims that the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental.

Upon the facts presented we find that the proposed acquisition of control of the West Side Belt Railroad by the Pittsburgh & West Virginia Railway Company through the execution of the contract described in the application will be in the public interest. An order will be entered accordingly.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Pittsburgh & West Virginia Railway Company of control of the railroad of the West Side Belt Railroad Company by the execution of a contract whereby the said Pittsburgh & West Virginia Railway Company will operate the said railroad, as described in the application and report aforesaid, be, and the same is hereby, approved and authorized.

FINANCE DOCKET No. 1902.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE RAILROAD OF THE WEST SIDE BELT RAILROAD COMPANY.

Submitted December 27, 1921. Decided January 16, 1922.

Authority granted to the Pittsburgh & West Virginia Railway Company to acquire control of the railroad of the West Side Belt Railroad Company through an agreement providing for the operation of the properties of both companies by the first-named company.

Frank M. Swacker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Pittsburgh & West Virginia Railway Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Pittsburgh Company, on December 1, 1921, filed an application pursuant to paragraph (2) of section 5 of the interstate commerce act, for an order approving a contract made by it with the West Side Belt Railroad Company, hereinafter called the Belt Company, providing that the railroad properties of the two companies shall be operated by the Pittsburgh Company. A hearing was held upon this application as provided by law.

The railroad of the Belt Company extends from West End, Pittsburgh, Pa., in a general southerly direction to Clairton, Pa., a distance of 22.63 miles. It does not parallel or compete with the line of the Pittsburgh Company.

By the terms of the proposed contract, the railroad properties of the two companies are to be operated by the Pittsburgh Company for the accounts of the respective parties, and the railway operating income and the equipment and joint-facility rents are to be divided between the parties as of December 31 in each year in proportion to their respective relative investment in road and equipment on such date. Any deficit resulting from such operation will be assumed by the parties in the same proportion. The contract is to become effective as of January 1, 1921, and is to continue in force until December 31, 1925, unless sooner terminated by mutual agreement. It is stated that the object of making the contract retroactive

to January 1, 1921, is to eliminate the expense of separate accounting incident to the fiscal year 1921.

The entire capital stock of the Belt Company, amounting to \$1,080,000, is owned by the Pittsburgh Company. The general balance sheet of the Belt Company, as of September 30, 1921, showed an unmatured funded debt of \$1,655,000, a profit-and-loss debit balance of \$1,176,527.83, an investment in road and equipment of \$7,710,912.68, and a total corporate surplus of \$543,140.89. For the year ending December 31, 1920, its operating revenues were \$857,227.13, its railway operating income was \$45,705.96, and its net income was \$383,139.82.

The general balance sheet of the Pittsburgh Company, as of September 30, 1921, showed an investment in road and equipment of \$30,081,889.61, a profit-and-loss credit balance of \$201,658.16, and a total corporate surplus of \$2,111,163.70. It has no unmatured funded debt. For the year ending December 31, 1920, its operating revenues were \$2,619,605.02, its railway operating income showed a deficit of \$321,917.27, and its net income was \$17,546.10.

It is stated that much of the operation of the two railroads is at present being conducted by joint employees, and that it is necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation. The applicant claims that the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental.

Upon the facts presented we find that the proposed acquisition of control of the West Side Belt Railroad by the Pittsburgh & West Virginia Railway Company through the execution of the contract described in the application will be in the public interest. An order will be entered accordingly.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Pittsburgh & West Virginia Railway Company of control of the railroad of the West Side Belt Railroad Company by the execution of a contract whereby the said Pittsburgh & West Virginia Railway Company will operate the said railroad, as described in the application and report aforesaid, be, and the same is hereby, approved and authorized.

FINANCE DOCKET No. 1069.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY FOR APPROVAL OF ITS PROPOSED FIRST AND REFUNDING MORTGAGE AND FOR AUTHORITY TO ISSUE CAPITAL STOCK AND FIRST AND REFUNDING MORTGAGE BONDS.

Submitted December 21, 1921. Decided January 17, 1922.

Upon supplemental application, authority granted to issue \$30,000,000 of first and refunding mortgage bonds, series A, under a proposed mortgage; said bonds to be sold at not less than 89½ per cent of par and accrued interest, and the proceeds used for capital purposes. Original report, 67 I. C. C., 156.

O. M. Spencer for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, Burlington & Quincy Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for a supplemental order under section 20a of the interstate commerce act approving the execution of a proposed first and refunding mortgage, and authorizing the issue and the sale thereunder of \$30,000,000 of first and refunding mortgage bonds, series A, for the purpose of reimbursing its treasury for expenditures made for additions and betterments between February 1, 1916, and January 31, 1921. The original report and order in this proceeding were issued February 28, 1921, 67 I. C. C., 156.

The Nebraska State Railway Commission has filed objections to the granting of the application, but it does not request a hearing thereon. These objections have been considered fully in making a disposition of the application. No other objection to the granting of the application has been made.

The applicant now represents that to enable it to serve the public adequately and safely it is necessary to make expenditures during the calendar year 1922 for the following purposes:

Roadway and structures-----	\$13, 956, 750
Equipment -----	15, 380, 500
New line, Hardin spur-----	800, 000
Total-----	30, 137, 250

In order to provide for these expenditures the applicant proposes to issue and sell \$30,000,000 of first and refunding mortgage bonds

under and pursuant to, and to be secured by, a proposed first and refunding mortgage, dated February 1, 1921, to be made by the applicant to the First National Bank of the City of New York and Frazier L. Ford, a copy of which is filed in this proceeding.

The proposed mortgage provides for an issue of bonds so limited that the amount thereof at any one time outstanding, together with all the outstanding prior debt, after deducting therefrom the amount of bonds reserved thereby to retire prior debt, shall never exceed three times the par value of the then outstanding capital stock. The mortgage reserves \$178,414,000 of the bonds issuable thereunder to retire a like amount of bonds which constitute "prior debt," as therein defined.

Section 5, of article 3, of the mortgage authorizes the authentication and delivery of \$73,000,000 of bonds to reimburse the treasury of the applicant for expenditures made during the five-year period from February 1, 1916, to January 31, 1921, inclusive, which were properly chargeable to capital account, but which have not heretofore been capitalized. The applicant proposes presently to secure the authentication and delivery of \$30,000,000 of bonds under this section, to be known as series A, to be dated August 1, 1921, to bear interest at the rate of 5 per cent per annum, payable semiannually, to mature August 1, 1971, and to be redeemable on such date or dates and on such terms as may be determined by the president of the applicant at the time of the actual issue. The applicant represents that these bonds will be sold at not less than 93 per cent of par and accrued interest, and that the expenses of sale will not be greater than $3\frac{1}{2}$ per cent additional, the total cost to the applicant, including interest, commissions, attorneys' fees, etc., to be not more than $5\frac{1}{8}$ per cent per annum. The proceeds will be placed in the applicant's treasury, and expenditures for the purposes outlined above will then be made from such sums as are from time to time available.

It will be noted that in the expenditures proposed \$800,000 will be used for an extension of the applicant's lines. The authorization of the issue and sale of bonds in this proceeding is not to be construed as approval of this expenditure.

We find that the proposed issue of first and refunding mortgage bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

COMMISSIONER EASTMAN dissents.

FINANCE DOCKET No. 1810.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, CHICAGO & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted December 20, 1921. Decided January 16, 1922.

1. Authority granted to issue \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds.
2. Authority granted to pledge \$1,008,000, series-A, and \$381,000, series-B, second and improvement mortgage 6 per cent gold bonds as collateral security for a 6 per cent promissory note for \$1,000,000 to be issued to the Director General of Railroads.
3. Authority granted to pledge and repledge from time to time, until otherwise ordered, all or any part of \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act.

H. D. Howe for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York, Chicago & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to issue \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds; (2) to pledge \$1,008,000, series-A, and \$381,000, series-B, second and improvement mortgage 6 per cent gold bonds, as collateral security for a 6 per cent promissory note for \$1,000,000 to be issued by the applicant to the Director General of Railroads; and (3) to pledge all or any part of \$1,008,000, series-A, and \$3,027,000, series-B, second and improvement mortgage 6 per cent gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which it may issue under paragraph (9) of section 20a of the interstate commerce act. No objection has been made to the granting of the application.

Under the provisions of the applicant's second and improvement mortgage dated May 1, 1918, to the First Trust & Savings Company, and Walter J. Riley, trustees, a copy of which heretofore has been

filed with us, the authorized issue of bonds is limited so that the amount thereof outstanding at any one time, together with its 25-year 4 per cent gold bonds of 1906, amounting to \$10,000,000, shall never exceed \$35,000,000. The bonds are to be issued in series, to bear such rates of interest as the board of directors may determine, and to mature not later than May 1, 1931. Of the \$25,000,000 of bonds issuable under the mortgage not exceeding \$7,000,000 may be issued as the first series, designated series A. Of these bonds \$5,992,000 have been issued, of which \$4,956,000 are now held by the public, and \$1,036,000 remain in the applicant's treasury. Pursuant to the provisions of the mortgage, the directors have authorized an issue of not exceeding \$5,000,000 of series-B bonds, of which \$3,027,000 are now proposed to be issued.

Under the terms of this mortgage, bonds may be authenticated and delivered by the corporate trustee in reimbursement of expenditures made after the date of the mortgage, or to pay or refund any indebtedness incurred, in respect of, among other purposes, the construction or acquisition of road and equipment, and the relocation, reconstruction, enlargement, and improvement of its tracks, facilities, and properties. The applicant shows that subsequent to the date of the mortgage it expended \$4,035,914.96 from income, or other moneys not procured by the issuance of stock, bonds, notes, or other evidences of indebtedness, for additions and betterments to road and equipment, and for retirement of funded debt, as follows:

For additions and betterments made to its road and equipment during the period from May 1, 1918, to February 29, 1920, inclusive	\$1, 650, 969. 95
For additions and betterments made to its road and equipment during the period from April 1, 1920, to September 30, 1921, inclusive	1, 912, 709. 51
For retirement of funded debt during the period from April 1, 1920, to September 30, 1921, inclusive.....	472. 235. 50
Total.....	4, 035, 914. 96

The applicant therefore is now entitled to have authenticated and delivered to it by the trustee bonds for a like amount in order to reimburse its treasury for expenditures so made. The bonds of series A will be dated May 1, 1918, and those of series B, November 1, 1921. Bonds of both series will bear interest at the rate of 6 per cent per annum.

It appears that on August 23, 1921, the applicant and the Director General of Railroads entered into a final settlement agreement affecting all claims, rights, and demands growing out of the possession, use, and operation of the applicant's property by the United States during the period of Federal control, in which it is stipulated that

the director general will fund for a period of 10 years, beginning March 1, 1920, indebtedness of the carrier to the United States in respect of additions and betterments made to its property during that period, amounting to \$1,000,000. The applicant is required to issue to the director general its promissory note for \$1,000,000, payable March 1, 1930, with interest at the rate of 6 per cent per annum, payable semiannually. The applicant proposes to pledge \$1,008,000 of series-A bonds and \$381,000 of the series-B bonds as collateral security for this note.

The applicant seeks authority to pledge all or any part of the second and improvement mortgage bonds, series A and B, in the aggregate amount of \$4,035,000, not at the time pledged with the Director General of Railroads, as security for notes it may issue within the limitations prescribed by paragraph (9) of section 20a.

We find that the proposed issue of second and improvement mortgage bonds by the applicant as aforesaid (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to issue not exceeding \$1,008,000, principal amount, of second and improvement mortgage bonds, series A, and \$3,027,000, principal amount, of second and improvement mortgage bonds, series B, under and pursuant to, and to be secured by, the second and improvement mortgage dated May 1, 1918, made by the applicant to the First Trust & Savings Company and Walter J. Riley, trustees; said series-A bonds to be dated May 1, 1918, and series-B bonds to be dated November 1, 1921; said bonds of both series to bear interest at the rate of 6 per cent per annum, payable semiannually on May 1 and November 1 in each year, to mature May 1, 1931, and to be redeemable as an entirety on May 1 and November 1 in any year at 102; said bonds to be pledged as hereinafter authorized.

It is further ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to pledge with

the Director General of Railroads not exceeding \$1,008,000, principal amount, of said series-A, and \$381,000, principal amount, of said series-B, second and improvement mortgage bonds, as collateral security for a 6 per cent promissory note for \$1,000,000, face amount, payable to the order of said Director General of Railroads, to be issued by the applicant as set forth in said report.

It is further ordered, That the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to pledge and repledge, from time to time, until otherwise ordered, not exceeding \$1,008,000, principal amount, of said series-A, and \$3,027,000, principal amount, of said series-B, second and improvement mortgage bonds (not at the time pledged with the Director General of Railroads), as collateral security for any note or notes which it may issue within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the issue of said bonds, the pledge of any part thereof with said director general, and the release of bonds from such pledge; within 10 days after the pledge or repledge of any of said bonds, as otherwise herein authorized, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall report to this commission all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 1902.

IN THE MATTER OF THE APPLICATION OF THE PITTSBURGH & WEST VIRGINIA RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE RAILROAD OF THE WEST SIDE BELT RAILROAD COMPANY.

Submitted December 27, 1921. Decided January 16, 1922.

Authority granted to the Pittsburgh & West Virginia Railway Company to acquire control of the railroad of the West Side Belt Railroad Company through an agreement providing for the operation of the properties of both companies by the first-named company.

Frank M. Swacker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Pittsburgh & West Virginia Railway Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Pittsburgh Company, on December 1, 1921, filed an application pursuant to paragraph (2) of section 5 of the interstate commerce act, for an order approving a contract made by it with the West Side Belt Railroad Company, hereinafter called the Belt Company, providing that the railroad properties of the two companies shall be operated by the Pittsburgh Company. A hearing was held upon this application as provided by law.

The railroad of the Belt Company extends from West End, Pittsburgh, Pa., in a general southerly direction to Clairton, Pa., a distance of 22.63 miles. It does not parallel or compete with the line of the Pittsburgh Company.

By the terms of the proposed contract, the railroad properties of the two companies are to be operated by the Pittsburgh Company for the accounts of the respective parties, and the railway operating income and the equipment and joint-facility rents are to be divided between the parties as of December 31 in each year in proportion to their respective relative investment in road and equipment on such date. Any deficit resulting from such operation will be assumed by the parties in the same proportion. The contract is to become effective as of January 1, 1921, and is to continue in force until December 31, 1925, unless sooner terminated by mutual agreement. It is stated that the object of making the contract retroactive

to January 1, 1921, is to eliminate the expense of separate accounting incident to the fiscal year 1921.

The entire capital stock of the Belt Company, amounting to \$1,080,000, is owned by the Pittsburgh Company. The general balance sheet of the Belt Company, as of September 30, 1921, showed an unmatured funded debt of \$1,655,000, a profit-and-loss debit balance of \$1,176,527.83, an investment in road and equipment of \$7,710,912.68, and a total corporate surplus of \$543,140.89. For the year ending December 31, 1920, its operating revenues were \$857,227.13, its railway operating income was \$45,705.96, and its net income was \$383,139.82.

The general balance sheet of the Pittsburgh Company, as of September 30, 1921, showed an investment in road and equipment of \$30,081,889.61, a profit-and-loss credit balance of \$201,658.16, and a total corporate surplus of \$2,111,163.70. It has no unmatured funded debt. For the year ending December 31, 1920, its operating revenues were \$2,619,605.02, its railway operating income showed a deficit of \$321,917.27, and its net income was \$17,546.10.

It is stated that much of the operation of the two railroads is at present being conducted by joint employees, and that it is necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation. The applicant claims that the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental.

Upon the facts presented we find that the proposed acquisition of control of the West Side Belt Railroad by the Pittsburgh & West Virginia Railway Company through the execution of the contract described in the application will be in the public interest. An order will be entered accordingly.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Pittsburgh & West Virginia Railway Company of control of the railroad of the West Side Belt Railroad Company by the execution of a contract whereby the said Pittsburgh & West Virginia Railway Company will operate the said railroad, as described in the application and report aforesaid, be, and the same is hereby, approved and authorized.

FINANCE DOCKET No. 831.¹

IN THE MATTER OF SETTLEMENT WITH THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS AND SYSTEM CARRIERS UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 27, 1921. Decided January 24, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Terminal Railroad Association of St. Louis, the St. Louis Merchants Bridge Terminal Railway Company, the Wiggins Ferry Company, the East St. Louis Connecting Railway Company, and the St. Louis Transfer Railway Company ascertained to be \$1,693,960.75. An aggregate amount of \$1,140,000 having been certified for payment as advances under paragraph (h), and an aggregate amount of \$275,000 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said companies is \$278,960.75. Certificate issued.

Henry Miller for the carriers.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Terminal Railroad Association of St. Louis, the St. Louis Merchants Bridge Terminal Railway Company, the Wiggins Ferry Company, the East St. Louis Connecting Railway Company, and the St. Louis Transfer Railway Company, hereinafter termed the carriers, are carriers by railroad or partly by railroad and partly by water, which during the guaranty period engaged as common carriers in general transportation in the States of Missouri and Illinois. Their lines were under Federal control from January 1, 1918, to February 29, 1920, inclusive, and they are, therefore, carriers within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carriers filed with us written statements accepting the provisions of section 209 on March 13, 1920.

The St. Louis Merchants Bridge Terminal Railway, the Wiggins Ferry, the East St. Louis Connecting Railway, and the St. Louis Transfer Railway Companies individually filed with us under date of January 11, 1921, copies of resolutions passed by each of their boards of directors, dated December 15, 1920, authorizing us to make settlement with the Terminal Railroad Association of St. Louis of

¹ This report also embraces Finance Dockets Nos. 450, 809, 812, and 893.

any amounts due them under the guaranty provisions of section 209. These companies are under common control through direct or indirect ownership of their capital stock.

The returns of the carriers under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by them, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. Proper adjustments have been made for the differences in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carriers. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period of any of the carriers involved, and that there are no eliminations necessary due to disproportionate or unreasonable charges or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carriers is \$1,693,960.75, as shown by the following statement:

Terminal Railroad Association of St. Louis.

Basis of Claim:

Net railway operating income for the guaranty period-----	\$451, 924. 48
One-half amount of annual compensation under Federal control act named in contract-----	1, 261, 501. 30
Increase in compensation under section 4, of the Federal control act-----	54, 314. 62
Total amount claimed-----	<u>863, 891. 44</u>

Adjustments:

Amount claimed under section 4 of the Federal control act -----	\$54, 314. 62
Allowance under section 4 of the Federal control act-----	53, 319. 47
Deduction under section 4-----	995. 15

Adjustments—Continued.

Amount claimed for maintenance of way and structures and for maintenance of equipment_	\$896, 794. 76
Amount fixed for maintenance of way and structures and for maintenance of equipment_____	497, 518. 35
Deduction for maintenance_____	\$399, 276. 41
Gross deductions _____	400, 271. 56
Add net effect of unaudited items estimated by us and agreed to by the carrier under section 212 (b) of the transportation act, 1920_____	55, 875. 56
Net deductions _____	344, 396. 00
Amount necessary to make good the guaranty_____	519, 495. 44

*St. Louis Merchants Bridge Terminal Railway Company.***Basis of claim:**

Net railway operating deficit for guaranty period_____	\$595, 323. 89
One-half amount of annual compensation under Federal control act named in contract_____	205, 075. 92
Increase in compensation under section 4 of the Federal control act _____	15, 526. 59
Total amount claimed_____	815, 926. 40

Adjustments:

Amount claimed under section 4 of the Federal control act _____	\$15, 526. 59
Allowance under section 4 of the Federal control act _____	15, 127. 04
Deduction under section 4_____	399. 55
Amount claimed for maintenance of way and structures and for maintenance of equipment_	\$695, 572. 15
Amount fixed for maintenance of way and structures and for maintenance of equipment_____	515, 122. 46
Deduction for maintenance _____	180, 449. 69
Gross deductions _____	180, 849. 24
Add net effect of unaudited items estimated by us and agreed to by the carrier under section 212(b) of the transportation act, 1920_____	74, 453. 43
Net deductions _____	106, 395. 81
Amount necessary to make good the guaranty_____	709, 530. 59
	71 I. C. C.

Wiggins Ferry Company, East St. Louis Connecting Railway Company, and St. Louis Transfer Railway Company.

Basis of claim:

Net railway operating deficit for guaranty period-----	\$315, 609. 54
One-half amount of annual compensation under Federal control act named in contract-----	208, 337. 80
Increase in compensation under section 4 of the Federal control act -----	9, 679. 90
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Total amount claimed -----	533, 627. 24
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Adjustments:

Claimed under section 4 of the Federal control act-----	\$9, 679. 90	
Allowed under section 4 of the Federal control act-----	9, 653. 85	
Deduction under section 4-----		26. 05
Amount claimed for maintenance of way and structures and for maintenance of equipment--	\$392, 281. 59	
Amount fixed for maintenance of way and structures and for maintenance of equipment--	284, 953. 11	
Deduction for maintenance-----		107, 328. 48
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Gross deductions-----		107, 354. 53
Add net effect of unaudited items estimated by us and agreed to by the carrier under section 212(b) of the transportation act, 1920-----		38, 662. 01
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Net deductions-----		68, 692. 52
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Amount necessary to make good the guaranty-----		464, 934. 72

Summary.

Terminal Railroad Association of St. Louis-----	519, 495. 44
St. Louis Merchants Bridge Terminal Railway Company-----	709, 530. 59
Wiggins Ferry Company (including the East St. Louis Connecting Railway Company and the St. Louis Transfer Railway Company)-----	464, 934. 72
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Total amount ascertained as necessary to make good the guaranty to the carriers-----	1, 693, 960. 75

Certificates for advances under paragraph (h) and for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us to the Terminal Railroad Association of St. Louis on its own behalf and on behalf of its subsidiary companies on the dates and in the amounts as follows:

Advances:

Certificate 160, August 14, 1920-----	\$1, 000, 000
Certificate 298, December 15, 1920-----	140, 000
Total advances certified-----	\$1, 140, 000

Partial payments:

Certificate 526, June 20, 1921-----	\$180, 000
Certificate 559, July 22, 1921-----	30, 000
Certificate 596, August 24, 1921-----	65, 000
Total partial payments certified-----	<u>\$275, 000</u>
Total payments-----	1, 415, 000

The amount still due the carriers is, therefore, \$278,960.75, for which an appropriate certificate will be issued in favor of the Terminal Railroad Association of St. Louis, in accordance with the authority conferred by the subsidiary companies, as aforesaid.

Certificate No. A-610 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Terminal Railroad Association of St. Louis, the St. Louis Merchants Bridge Terminal Railway Company, and the St. Louis Transfer Railway Company, corporations of the State of Missouri, and the Wiggins Ferry Company and the East St. Louis Connecting Railway Company, corporations of the State of Illinois, hereinafter called the carriers, are carriers as defined in paragraph (a) of section 209 of the transportation act, 1920; that the carriers filed with the commission on or before March 15, 1920, written statements that they accepted all of the provisions of said section 209; and that the four companies last mentioned individually filed with the commission resolutions passed by each of their boards of directors authorizing the Terminal Railroad Association of St. Louis to act as their agent in effecting settlement under said section 209 and to receive payment of any sum or sums due them thereunder, said companies being under common control through direct or indirect ownership of their capital stock and composing a single system of transportation.

2. The commission has ascertained, and hereby certifies to the Secretary of the Treasury, that the amount of \$1,693,960.75 is the amount necessary to make good to said carriers the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, in the name of the Terminal Railroad Association of St. Louis, as advances to said carriers under section 209(h), an aggregate amount of \$1,140,000 under two certificates as follows:

August 14, 1920, certificate No. A-160-----	\$1, 000, 000
December 15, 1920, certificate No. A-298-----	140, 000

and as partial payments under section 209 (g), as amended by section 212, an aggregate amount of \$275,000 under three certificates, as follows:

June 20, 1921, certificate No. A-526_____	\$180, 000
July 22, 1921, certificate No. A-559_____	30, 000
August 24, 1921, certificate No. A-596_____	65, 000

4. The commission hereby certifies that the amount now payable to the Terminal Railroad Association of St. Louis, on its own behalf and as agent of its subsidiaries, as the amount necessary to make good to said carriers the guaranty provided by section 209 of the transportation act, 1920, in addition to any other sum or sums heretofore certified in favor of said carriers, in the name of the Terminal Railroad Association of St. Louis, under section 209(h) and section 209(g), as amended by section 212, is \$278,960.75.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 24th day of January, 1922.

71 I. C. C.

debt, shall never exceed three times the par value of its capital stock then outstanding. Of the bonds so issuable, \$115,000,000 of series-A bonds, dated July 1, 1921, maturing July 1, 1936, and bearing interest at the rate of 7 per cent per annum, have been issued and are now outstanding.

Section 1 of article 3 of the mortgage reserves \$166,984,000 of bonds to retire a like amount of bonds therein specified, which constitute such prior debt. Included in this enumeration are \$2,800,000 of the Minneapolis Union Railway Company's first-mortgage bonds, which mature July 1, 1922. Section 6 of article 3 authorizes the authentication and delivery of \$25,000,000 of bonds to the applicant for the purpose of reimbursing its treasury in part for expenditures made for acquisition and construction of properties, or additions and betterments upon property subject to the applicant's first and refunding mortgage dated May 1, 1911. Section 7 of article 3 authorizes bonds to be issued from time to time to pay for additions and betterments to the applicant's property, to acquire and construct equipment, to acquire the stock of other railroad corporations, and for various other lawful capital purposes of the applicant.

The applicant represents that during the period from December 31, 1910, to June 30, 1921, inclusive, it expended from income for the acquisition and construction of property and additions and betterments, \$103,134,657, of which \$33,000,000 heretofore has been capitalized by the issue of bonds under section 5, article 3, of the mortgage. Of the \$30,000,000 of bonds for which authority is now sought, \$25,000,000 are to be issued in respect of part of the above expenditures, leaving \$45,134,657 which may still be capitalized. It is proposed that \$2,800,000 of the bonds be issued under section 1, \$25,000,000 under section 6, and \$2,200,000 under section 7 of article 3 of the mortgage.

The proposed bonds will be known as series B, be dated January 1, 1922, bear interest at the rate of $5\frac{1}{2}$ per cent per annum, and mature January 1, 1952. The applicant represents that the bonds will be sold at such price, not less than $93\frac{1}{8}$ per cent of par and accrued interest, that the total cost to the applicant, including interest, commissions, attorneys' fees, etc., will not be more than 6 per cent per annum. On such basis the applicant will realize proceeds of approximately \$27,937,500. Funds necessary for the above purposes in excess of the proceeds realized from the sale of the bonds will be provided by the applicant from other sources.

We find that the proposed issue of bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and ap-

propriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in order to reimburse its treasury in part for expenditures for additions and betterments and the acquisition and construction of property during the period from December 31, 1910, to June 30, 1921, inclusive, and to provide funds for the payment of indebtedness maturing during the year 1922 and for the acquisition of equipment and for additions and betterments to be made during that year, the Great Northern Railway Company be, and it is hereby, authorized to issue not exceeding \$30,000,000, principal amount, of general-mortgage gold bonds, series B, under and pursuant to, and to be secured by, the general gold-bond mortgage dated January 1, 1921, made by the applicant to the First National Bank of the City of New York; said bonds to be dated January 1, 1922, to bear interest at the rate of $5\frac{1}{2}$ per cent per annum, payable semiannually, and the principal thereof to be payable on January 1, 1952; said bonds to be sold to the highest bidder at such price, not less than $93\frac{1}{8}$ per cent of par and accrued interest, that the total annual cost to the applicant, including interest, commissions, attorneys' fees, and all other expenses of issue and sale, shall not exceed 6 per cent, and the proceeds thereof to be used for the purposes set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, upon the retirement of the \$2,800,000 of the Minneapolis Union Railway Company's first-mortgage bonds maturing July 1, 1922, the applicant shall cancel said bonds and deposit them with the trustee under its general gold-bond mortgage aforesaid.

It is further ordered, That the applicant shall file with this commission (1) within 10 days thereafter, respectively, reports showing all pertinent facts relating to (a) the issue and sale of said general-mortgage bonds, including discount thereon, if any, and the account

or accounts charged therewith, (b) the payment of applicant's note to the United States for \$15,000,000, and (c) the retirement, cancellation, and deposit of said first-mortgage bonds of the Minneapolis Union Railway Company; (2) forthwith as the same shall be approved, from time to time, a copy of the authority for expenditure of all or any part of the proceeds used for other purposes, showing the projects, and amounts to be expended therefor, and all other pertinent facts relating thereto; and (3) for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such periods, reports of the actual expenditures out of said proceeds during such periods, such reports to be made until all of said proceeds shall have been actually expended; said reports and copies of authority for expenditures to be verified by the oath of an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

SUPPLEMENTAL ORDER.

(February 4, 1922.)

Upon further consideration of the application filed in the above-entitled proceeding:

It is ordered, That, in order to reimburse its treasury in part for expenditures for additions and betterments and the acquisition and construction of property during the period from December 31, 1910, to June 30, 1921, inclusive, and to provide funds for the payment of indebtedness maturing during the year 1922 and for the acquisition of equipment and for additions and betterments to be made during that year, the Great Northern Railway Company be, and it is hereby, authorized to issue not exceeding \$30,000,000, principal amount, of general-mortgage gold bonds, series B, under and pursuant to, and to be secured by, the general gold-bond mortgage dated January 1, 1921, made by the applicant to the First National Bank of the City of New York; said bonds to be dated January 1, 1922, to bear interest at the rate of $5\frac{1}{2}$ per cent per annum, payable semiannually, and the principal thereof to be payable on January 1, 1952; said bonds to be sold at such price, not less than $93\frac{1}{4}$ per cent of par and accrued interest, that the total annual cost to the applicant, including interest, commissions, attorneys' fees, and all other expenses of issue and sale, shall not exceed 6 per cent, and the proceeds thereof to be used for the purposes set forth in the application.

It is further ordered, That, except as herein modified, said order of January 26, 1922, shall remain in full force and effect.

FINANCE DOCKET No. 1373.

IN THE MATTER OF THE APPLICATION OF THE EVANSVILLE, INDIANAPOLIS & TERRE HAUTE RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE FIRST-MORTGAGE BONDS.

Approved January 27, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated May 27, 1921, authorizing the issue of \$400,000, principal amount, of first-mortgage gold bonds by the Evansville, Indianapolis & Terre Haute Railway Company, be, and it is hereby, modified so that said bonds are authorized to be issued in respect of expenditures for additions and betterments to way and structures, as set forth in the schedule of proposed expenditures submitted to this commission on January 12, 1922, in substitution for the schedule of expenditures submitted with the application.

It is further ordered, That, except as herein modified, said order of May 27, 1921, shall remain in full force and effect.

¹ See 67 I. C. C., 678.

71 I. C. C.

FINANCE DOCKET No. 980.

IN THE MATTER OF THE APPLICATION OF THE LONG ISLAND RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted January 21, 1922. Decided January 28, 1922.

Upon supplemental application and consideration thereof, authority granted for a further extension of the time within which expenditures under the loan for additions and betterments may be completed. Certificate No. 34 of October 12, 1920, amended accordingly. Previous reports, 65 I. C. C., 247, and 70 I. C. C., 609.

H. Tatnall for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On October 12, 1920, we issued to the Secretary of the Treasury our certificate No. 34, 65 I. C. C., 247, approving a loan of \$719,000 by the United States to the Long Island Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling it to provide equipment and other additions and betterments.

One of the conditions of the loan was that the proceeds thereof to be devoted to additions and betterments should be expended or definitely obligated on or before July 1, 1921, and that progress reports should be made to us January 1 and July 1, 1921. On December 1, 1921, we amended our certificate No. 34, of October 12, 1920, 70 I. C. C., 609, extending the time within which the proceeds of the loan for additions and betterments should be expended or definitely obligated to January 1, 1922.

On January 21, 1922, the applicant filed with us application for a further extension of this time to January 1, 1923.

The applicant represents that all of the items of additions and betterments have been completed, with the exception of the project known as Bushwick-Scott Avenue yard, and that it is impossible to proceed with the work until the city of New York gives the applicant the franchise for closing certain streets. This matter is now in negotiation between the applicant and that city.

71 I. C. C.

After investigation we find that the required extension of time as herein above indicated should be granted.

Our certificate No. 34, of October 12, 1920, will be further amended accordingly.

Amendment to Certificate No. 34 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 34 of October 12, 1920, to the Secretary of the Treasury, approving the making of a loan of \$719,000 by the United States to the Long Island Railroad Company, by changing paragraph 5 (*d*) to read as follows:

(*d*) The applicant has agreed in an instrument in writing dated September 27, 1920, supplemented November 28, 1921, and February 21, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States Government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the commission on or about July 1, 1921, January 1, 1922, July 1, 1922, and January 1, 1923, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States on or before January 1, 1923.

Done at Washington, D. C., this 28th day of February, 1922.

71 I. C. C.

Treasury the amount necessary to make good the guaranty pursuant to section 209.

In our report in *Allegheny & S. S. Ry. Co. v. Director General*, 62 I. C. C., 248, decided June 13, 1921, we held that the present claimant was not a common carrier subject to the interstate commerce act. Moreover, in our report disposing of this claimant's application for reimbursement of deficit under section 204 of the transportation act 1920, *Deficit Claim of Allegheny & S. S. Ry.*, 71 I. C. C., 90, we held that the claimant was not at any time during the period of Federal control a carrier by railroad engaged as a common carrier in general transportation, and that it was therefore not subject to the provisions of section 204. Our determinations in those cases are conclusive in this proceeding. For the reasons stated in those reports we are without jurisdiction to issue a certificate entitling claimant to a guaranty payment. An order dismissing the application will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 1990.

IN THE MATTER OF THE APPLICATION OF THE
GREAT NORTHERN RAILWAY COMPANY FOR AU-
THORITY TO ISSUE GENERAL-MORTGAGE BONDS.

Submitted January 6, 1922. Decided January 26, 1922.

Authority granted to issue \$30,000,000 of general-mortgage gold bonds, series B; said bonds to be sold at not less than 93½ per cent of par and accrued interest and the proceeds used for capital purposes.

E. C. Lindley for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Great Northern Railway Company, a common carrier by railroad engaged in interstate commerce, by original application and an amendment thereto, seeks authority under section 20a of the interstate commerce act to issue and sell \$30,000,000 of general-mortgage gold bonds, series B, for the purpose of providing funds to pay indebtedness maturing during 1922, to acquire equipment, and to make additions and betterments. No objection to the granting of the application has been made.

The applicant represents that in order to enable it to serve the public adequately and safely it is necessary for it to make expenditures during the calendar year 1922 for the following purposes:

Payment of note payable to the order of the United States, maturing March 1, 1922.....	\$15,000,000
Redemption of first-mortgage bonds of the Minneapolis Union Railway Company, maturing July 1, 1922.....	2,800,000
Purchase of equipment.....	4,170,000
Additions and betterments to road.....	7,215,000
Total.....	29,185,000

In order to provide for these expenditures, the applicant proposes to issue \$30,000,000 of its general-mortgage gold bonds under and pursuant to, and to be secured by, its general gold-bond mortgage dated January 1, 1921, made to the First National Bank of the City of New York. This mortgage provides for an issue of bonds so limited that the amount thereof at any one time outstanding, together with all other then outstanding prior debt after deducting therefrom the amount of bonds reserved thereby to retire prior

debt, shall never exceed three times the par value of its capital stock then outstanding. Of the bonds so issuable, \$115,000,000 of series-A bonds, dated July 1, 1921, maturing July 1, 1936, and bearing interest at the rate of 7 per cent per annum, have been issued and are now outstanding.

Section 1 of article 3 of the mortgage reserves \$166,984,000 of bonds to retire a like amount of bonds therein specified, which constitute such prior debt. Included in this enumeration are \$2,800,000 of the Minneapolis Union Railway Company's first-mortgage bonds, which mature July 1, 1922. Section 6 of article 3 authorizes the authentication and delivery of \$25,000,000 of bonds to the applicant for the purpose of reimbursing its treasury in part for expenditures made for acquisition and construction of properties, or additions and betterments upon property subject to the applicant's first and refunding mortgage dated May 1, 1911. Section 7 of article 3 authorizes bonds to be issued from time to time to pay for additions and betterments to the applicant's property, to acquire and construct equipment, to acquire the stock of other railroad corporations, and for various other lawful capital purposes of the applicant.

The applicant represents that during the period from December 31, 1910, to June 30, 1921, inclusive, it expended from income for the acquisition and construction of property and additions and betterments, \$103,134,657, of which \$33,000,000 heretofore has been capitalized by the issue of bonds under section 5, article 3, of the mortgage. Of the \$30,000,000 of bonds for which authority is now sought, \$25,000,000 are to be issued in respect of part of the above expenditures, leaving \$45,134,657 which may still be capitalized. It is proposed that \$2,800,000 of the bonds be issued under section 1, \$25,000,000 under section 6, and \$2,200,000 under section 7 of article 3 of the mortgage.

The proposed bonds will be known as series B, be dated January 1, 1922, bear interest at the rate of $5\frac{1}{2}$ per cent per annum, and mature January 1, 1952. The applicant represents that the bonds will be sold at such price, not less than $93\frac{1}{8}$ per cent of par and accrued interest, that the total cost to the applicant, including interest, commissions, attorneys' fees, etc., will not be more than 6 per cent per annum. On such basis the applicant will realize proceeds of approximately \$27,937,500. Funds necessary for the above purposes in excess of the proceeds realized from the sale of the bonds will be provided by the applicant from other sources.

We find that the proposed issue of bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and ap-

propriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in order to reimburse its treasury in part for expenditures for additions and betterments and the acquisition and construction of property during the period from December 31, 1910, to June 30, 1921, inclusive, and to provide funds for the payment of indebtedness maturing during the year 1922 and for the acquisition of equipment and for additions and betterments to be made during that year, the Great Northern Railway Company be, and it is hereby, authorized to issue not exceeding \$30,000,000, principal amount, of general-mortgage gold bonds, series B, under and pursuant to, and to be secured by, the general gold-bond mortgage dated January 1, 1921, made by the applicant to the First National Bank of the City of New York; said bonds to be dated January 1, 1922, to bear interest at the rate of 5½ per cent per annum, payable semiannually, and the principal thereof to be payable on January 1, 1952; said bonds to be sold to the highest bidder at such price, not less than 93¼ per cent of par and accrued interest, that the total annual cost to the applicant, including interest, commissions, attorneys' fees, and all other expenses of issue and sale, shall not exceed 6 per cent, and the proceeds thereof to be used for the purposes set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, upon the retirement of the \$2,800,000 of the Minneapolis Union Railway Company's first-mortgage bonds maturing July 1, 1922, the applicant shall cancel said bonds and deposit them with the trustee under its general gold-bond mortgage aforesaid.

It is further ordered, That the applicant shall file with this commission (1) within 10 days thereafter, respectively, reports showing all pertinent facts relating to (a) the issue and sale of said general-mortgage bonds, including discount thereon, if any, and the account

or accounts charged therewith, (b) the payment of applicant's note to the United States for \$15,000,000, and (c) the retirement, cancellation, and deposit of said first-mortgage bonds of the Minneapolis Union Railway Company; (2) forthwith as the same shall be approved, from time to time, a copy of the authority for expenditure of all or any part of the proceeds used for other purposes, showing the projects, and amounts to be expended therefor, and all other pertinent facts relating thereto; and (3) for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such periods, reports of the actual expenditures out of said proceeds during such periods, such reports to be made until all of said proceeds shall have been actually expended; said reports and copies of authority for expenditures to be verified by the oath of an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

SUPPLEMENTAL ORDER.

(February 4, 1922.)

Upon further consideration of the application filed in the above-entitled proceeding:

It is ordered, That, in order to reimburse its treasury in part for expenditures for additions and betterments and the acquisition and construction of property during the period from December 31, 1910, to June 30, 1921, inclusive, and to provide funds for the payment of indebtedness maturing during the year 1922 and for the acquisition of equipment and for additions and betterments to be made during that year, the Great Northern Railway Company be, and it is hereby, authorized to issue not exceeding \$30,000,000, principal amount, of general-mortgage gold bonds, series B, under and pursuant to, and to be secured by, the general gold-bond mortgage dated January 1, 1921, made by the applicant to the First National Bank of the City of New York; said bonds to be dated January 1, 1922, to bear interest at the rate of $5\frac{1}{2}$ per cent per annum, payable semiannually, and the principal thereof to be payable on January 1, 1952; said bonds to be sold at such price, not less than $93\frac{1}{4}$ per cent of par and accrued interest, that the total annual cost to the applicant, including interest, commissions, attorneys' fees, and all other expenses of issue and sale, shall not exceed 6 per cent, and the proceeds thereof to be used for the purposes set forth in the application.

It is further ordered, That, except as herein modified, said order of January 26, 1922, shall remain in full force and effect.

FINANCE DOCKET No. 1373.

IN THE MATTER OF THE APPLICATION OF THE EVANSVILLE, INDIANAPOLIS & TERRE HAUTE RAILWAY COMPANY FOR AUTHORITY TO ISSUE AND PLEDGE FIRST-MORTGAGE BONDS.

Approved January 27, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated May 27, 1921, authorizing the issue of \$400,000, principal amount, of first-mortgage gold bonds by the Evansville, Indianapolis & Terre Haute Railway Company, be, and it is hereby, modified so that said bonds are authorized to be issued in respect of expenditures for additions and betterments to way and structures, as set forth in the schedule of proposed expenditures submitted to this commission on January 12, 1922, in substitution for the schedule of expenditures submitted with the application.

It is further ordered, That, except as herein modified, said order of May 27, 1921, shall remain in full force and effect.

¹ See 67 I. C. C., 678.
71 I. C. C.

FINANCE DOCKET No. 980.

IN THE MATTER OF THE APPLICATION OF THE LONG ISLAND RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted January 21, 1922. Decided January 28, 1922.

Upon supplemental application and consideration thereof, authority granted for a further extension of the time within which expenditures under the loan for additions and betterments may be completed. Certificate No. 34 of October 12, 1920, amended accordingly. Previous reports, 65 I. C. C., 247, and 70 I. C. C., 609.

H. Tatnall for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On October 12, 1920, we issued to the Secretary of the Treasury our certificate No. 34, 65 I. C. C., 247, approving a loan of \$719,000 by the United States to the Long Island Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling it to provide equipment and other additions and betterments.

One of the conditions of the loan was that the proceeds thereof to be devoted to additions and betterments should be expended or definitely obligated on or before July 1, 1921, and that progress reports should be made to us January 1 and July 1, 1921. On December 1, 1921, we amended our certificate No. 34, of October 12, 1920, 70 I. C. C., 609, extending the time within which the proceeds of the loan for additions and betterments should be expended or definitely obligated to January 1, 1922.

On January 21, 1922, the applicant filed with us application for a further extension of this time to January 1, 1923.

The applicant represents that all of the items of additions and betterments have been completed, with the exception of the project known as Bushwick-Scott Avenue yard, and that it is impossible to proceed with the work until the city of New York gives the applicant the franchise for closing certain streets. This matter is now in negotiation between the applicant and that city.

After investigation we find that the required extension of time as herein above indicated should be granted.

Our certificate No. 34, of October 12, 1920, will be further amended accordingly.

Amendment to Certificate No. 34 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 34 of October 12, 1920, to the Secretary of the Treasury, approving the making of a loan of \$719,000 by the United States to the Long Island Railroad Company, by changing paragraph 5 (d) to read as follows:

(d) The applicant has agreed in an instrument in writing dated September 27, 1920, supplemented November 28, 1921, and February 21, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States Government shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the commission on or about July 1, 1921, January 1, 1922, July 1, 1922, and January 1, 1923, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States on or before January 1, 1923.

Done at Washington, D. C., this 28th day of February, 1922.

71 I. C. C.

FINANCE DOCKET No. 2173.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted January 12, 1922. Decided January 28, 1922.

Authority granted to issue consolidated-mortgage gold bonds in an aggregate amount not exceeding \$223,000, to be delivered to the applicant's tenants in repayment of sinking-fund advances.

C. G. Austin, jr., for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago & Western Indiana Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue consolidated-mortgage gold bonds in an aggregate amount of \$223,000, maturing July 1, 1952.

The applicant's proprietary tenants are the Chicago & Eastern Illinois Railway Company, the Wabash Railroad Company, the Grand Trunk Western Railway Company, the Chicago & Erie Railroad Company, and the Chicago, Indianapolis & Louisville Railway Company. In addition to these proprietary tenants the Belt Railway Company of Chicago is also a tenant of applicant.

Under the leases providing for the use of the applicant's property by its tenants, certain sinking-fund payments under applicant's general mortgage of December 1, 1882, are required to be made by the tenants to the trustees. It appears that these payments are in the nature of advances made by the tenant companies on behalf of the applicant. With the moneys thus received the trustees redeem the general-mortgage bonds, either by purchase at a price not exceeding par and accrued interest, or by drawing outstanding bonds at 105 and accrued interest.

Under the applicant's consolidated mortgage of July 1, 1902, to the Illinois Trust & Savings Bank, certain bonds are reserved for the purpose of retiring outstanding bonds of the applicant. It is provided that of the bonds so reserved the trustee under the consolidated mortgage shall, from time to time, deliver to any tenant an amount of reserved bonds equal to the par value of outstanding

bonds which the tenant shall have had canceled by means of its sinking-fund payments. The consolidated-mortgage bonds are to bear interest at 4 per cent per annum, payable semiannually on January 1 and July 1 in each year, and to mature July 1, 1952.

Applicant represents that for sinking-fund payments to be made by its tenants they will become entitled to receive consolidated 50-year gold bonds, in amounts and on dates as follows:

March 1, 1922-----	\$55, 000
June 1, 1922-----	54, 000
September 1, 1922-----	56, 000
December 1, 1922-----	58, 000

Authority is sought to issue in the foregoing amounts consolidated-mortgage gold bonds, to be delivered to the tenants aforesaid in repayment of sinking-fund advances made by them for redemption of general-mortgage bonds. As the general-mortgage bonds bear interest at 6 per cent, the fixed charges of applicant are reduced by these sinking-fund payments.

We find that the proposed issues of consolidated-mortgage gold bonds, as hereinbefore set forth, (a) are for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, on the dates and in the respective amounts, and for the purposes set forth in said report, the Chicago & Western Indiana Railroad Company be, and it is hereby, authorized to issue not exceeding \$223,000, principal amount, of consolidated-mortgage gold bonds, under and pursuant to, and to be secured by, its consolidated mortgage dated July 1, 1902, to the Illinois Trust & Savings Bank; said bonds to bear interest at 4 per cent per annum, payable semiannually on January 1 and July 1 of each year, to mature July 1, 1952, and to be delivered at par to its tenants, as stated in said report, in amounts equal to the par value of general-mortgage bonds

which shall be canceled by the sinking-fund or other payments made by said tenants respectively.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant, within 10 days thereafter, respectively, shall report to this commission all pertinent facts relating to (1) the issue and delivery of said consolidated-mortgage bonds and (2) the cancellation of general-mortgage bonds, such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 814.

IN THE MATTER OF SETTLEMENT WITH THE STANLEY,
MERRILL & PHILLIPS RAILWAY COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 5, 1921. Decided February 2, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Stanley, Merrill & Phillips Railway Company ascertained to be \$32,482.71. Certificate issued.

S. C. Moon for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Stanley, Merrill & Phillips Railway Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Wisconsin, its line of railroad connecting with the line of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company at Stanley, Wis. The latter company was under Federal control at the termination thereof. The claimant is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental statements and data supplied by it, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carrier. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable

charges, or charges attributable to another period, under a proper system of accounting. Certain lapover items claimed to be applicable to the guaranty period which were audited subsequent thereto have been eliminated. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$32,482.71, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$42, 538. 81
One-half the amount of annual railway operating income of the test period.....	2, 258. 25
Total amount claimed.....	44, 797. 06

Adjustments:

Standard return for six months, as claimed by carrier	\$2, 258. 25
Standard return for six months, as certified by the commission	1, 023. 82
Deduction for standard return.....	1, 234. 43
Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$54, 652. 10
Amount allowed for maintenance of way and structures and maintenance of equipment.....	44, 875. 90
Deduction for maintenance.....	9, 776. 20
Deduction of lapover items (other than maintenance) claimed to be applicable to the guaranty period but audited subsequent thereto	1, 303. 72
Total deductions	12, 314. 35

Amount necessary to make good the guaranty..... 32, 482. 71

No certificates have previously been issued in favor of the carrier under section 209 (h) or section 209 (g), as amended by section 212. The amount due the carrier is, therefore, \$32,482.71, for which an appropriate certificate will be issued.

Certificate No. A-611 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Stanley, Merrill & Phillips Railway Company, a corporation of the State of Wisconsin, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$32,482.71 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 2d day of February, 1922.

71 I. C. C.

FINANCE DOCKET No. 1955.

APPLICATION OF THE CISCO & NORTHEASTERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted February 1, 1922. Decided February 4, 1922.

Upon application and consideration thereof, loan of \$125,000 approved to aid the carrier in paying off and discharging certain short-time notes. Certificates issued.

R. Q. Lee for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Cisco & Northeastern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on December 8, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet its maturing indebtedness, and on the same date amended the application.

In the application, as amended, the applicant sets forth:

1. That the amount of the loan desired is \$300,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are to aid the applicant in paying off and discharging its equipment and other short-time obligations, as follows:

Notes held by banks and individuals.....	\$147, 799. 99
Equipment notes, unmatured.....	31, 159. 77
Equipment notes, matured.....	81, 859. 89
Notes given officers for services rendered.....	33, 706. 67
Notes given Humble Oil & Refining Company for one-half cost of telephone line	14, 733. 15
Total	309, 259. 47

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$450,000 of applicant's first-mortgage 10-year 6 per cent gold bonds, due 1931.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to preserve its credit, thus enabling it properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

Construction of the applicant's line of railroad extending from Cisco, Tex., to Breckenridge, Tex., a distance of 28 miles, was completed in October, 1920. Initial operation embracing 21.4 miles, Cisco to Parks station, began in August, 1920. The applicant was chartered for the construction and operation of a railroad 70 miles in length, extending from Cisco through Eastland, Stephens, and Young Counties to Graham, Tex. The present road was built primarily to serve the rapid development of oil fields contiguous and tributary to its line, particularly those centering around the present northern terminus at Breckenridge. Two other short-line railroads also serve this territory from connections with trunk lines on the southeast.

Because the applicant, prior to the beginning of service to the public as a common carrier, had made no provision for the sale of bonds, its construction costs were unfunded upon the passage of the transportation act, and it was compelled, therefore, to meet such of these obligations as could not be deferred by the application of income from operations, and otherwise as hereinafter set forth.

By our order of July 27, 1921, entered in Finance Docket No. 1483, *Securities of Cisco & Northeastern Ry.*, 70 I. C. C., 260, we granted the applicant's application for authority to issue under the provisions of section 20a of the act, *inter alia*, \$882,000 of 10-year 6 per cent first-mortgage gold bonds, and to sell or pledge the same as security for short-time notes at not to exceed 80 per cent of par. The applicant used \$322,000 of these bonds to take up short-time notes of like amount issued to three of the large oil companies operating in the territory served by the applicant for cash advanced to meet construction expenses. The remaining bonds, aggregating \$560,000, are in the applicant's treasury unsold, and the applicant represents that it can not dispose of them under the provisions of our order, as aforesaid, although it has made the utmost effort so to do by adopting every financial expediency known to it.

After investigation we find that the making of a loan of \$125,000 by the United States, for the purpose of aiding the applicant in meeting its maturing indebtedness, to wit:

71 I. C. C.

Maturities.	Principal amount.	Financed by applicant.	Loan by United States.
Note to R. Q. Lee, dated January 1, 1921.....	\$25,000.00	.....	\$25,000.00
Notes held by various banks as per Schedule G of application.....	122,799.99	\$61,399.99	61,400.00
Unmatured equipment notes, as per Schedule G of application.....	31,159.77	.....	31,159.77
Notes held by Humble Oil & Refining Company for 50 per cent of cost of telephone line, due February 5, April 7, and June 7, 1922.....	14,733.15	7,333.15	7,400.00
Total.....	193,692.91	68,733.14	124,959.77

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

Among the terms and conditions of the loan will be the following requirements:

1. For and in consideration of the payment in full of his note for \$25,000, as hereinabove set forth, R. Q. Lee will loan the applicant an equivalent amount for a period of not less than two years at an interest cost to the applicant of not to exceed 8 per cent per annum, and the applicant will collect this amount into its treasury in cash and apply the same solely to the payment of audited vouchers and wages payable (account 760) as set forth in Schedule D accompanying the application.

2. Of the financing to be done by the applicant in respect of bank loans aggregating \$122,799.99, the sum of \$61,000 shall be financed by one of the three following methods: (a) The respective banks shall take at not less than 80 per cent of par the first-mortgage bonds of the applicant in full settlement of the amounts due in addition to the amounts loaned by the United States, or (b) the applicant shall otherwise dispose of a sufficient number of said bonds at not less than 80 per cent of par to enable it to liquidate the claims of these note holders in cash, or (c) the respective banks shall take at par applicant's notes for the same term, at a rate of interest not to exceed 8 per cent per annum and under the same conditions as the loan by the United States.

3. The amount to be financed by the applicant in respect of the notes to the Humble Oil & Refining Company shall be financed in the same manner as provided in requirement 2, *supra*.

4. The applicant shall furnish a certificate under oath of its treasurer, within 30 days from the making of the loan, showing in detail that the aforementioned requirements have been complied with.

The applicant has orally requested the immediate certification of \$94,000 in respect of notes other than equipment notes. Certification of \$31,000 in respect of the equipment notes will be deferred.

Appropriate certificates will be issued.

Certificate No. 124 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$94,000 by the United States to the Cisco & Northeastern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$94,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$118,000, principal amount, of applicant's first-mortgage 10-year 6 per cent gold bonds, due 1931, issued under an indenture of mortgage or deed of trust, dated July 1, 1921, executed and delivered by the applicant to the Guardian Trust Company, as trustee. Said bonds are in definitive coupon form, having coupons due July 1, 1922, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered 328 to 445, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

which shall be canceled by the sinking-fund or other payments made by said tenants respectively.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant, within 10 days thereafter, respectively, shall report to this commission all pertinent facts relating to (1) the issue and delivery of said consolidated-mortgage bonds and (2) the cancellation of general-mortgage bonds, such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 814.

IN THE MATTER OF SETTLEMENT WITH THE STANLEY,
MERRILL & PHILLIPS RAILWAY COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 5, 1921. Decided February 2, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Stanley, Merrill & Phillips Railway Company ascertained to be \$32,482.71. Certificate issued.

S. C. Moon for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Stanley, Merrill & Phillips Railway Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Wisconsin, its line of railroad connecting with the line of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company at Stanley, Wis. The latter company was under Federal control at the termination thereof. The claimant is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental statements and data supplied by it, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carrier. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable

charges, or charges attributable to another period, under a proper system of accounting. Certain lapover items claimed to be applicable to the guaranty period which were audited subsequent thereto have been eliminated. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$32,482.71, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$42,538.81
One-half the amount of annual railway operating income of the test period.....	2,258.25
Total amount claimed.....	44,797.06

Adjustments:

Standard return for six months, as claimed by carrier	\$2,258.25
Standard return for six months, as certified by the commission	1,023.82
Deduction for standard return.....	1,234.43
Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$54,652.10
Amount allowed for maintenance of way and structures and maintenance of equipment.....	44,875.90
Deduction for maintenance.....	9,776.20
Deduction of lapover items (other than maintenance) claimed to be applicable to the guaranty period but audited subsequent thereto	1,303.72
Total deductions	12,314.35

Amount necessary to make good the guaranty..... 32,482.71

No certificates have previously been issued in favor of the carrier under section 209 (h) or section 209 (g), as amended by section 212. The amount due the carrier is, therefore, \$32,482.71, for which an appropriate certificate will be issued.

Certificate No. A-611 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Stanley, Merrill & Phillips Railway Company, a corporation of the State of Wisconsin, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$32,482.71 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 2d day of February, 1922.

71 I. C. C.

FINANCE DOCKET No. 2197.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE ATLANTA, BIRMINGHAM & ATLANTIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted January 25, 1922. Decided February 4, 1922.

Held, That upon the record it is not shown that the loan requested is necessary to meet public transportation needs, that the security offered is adequate, or that the applicant is unable to procure the funds desired from other sources. Application denied.

B. L. Bugg, receiver, in person.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

B. L. Bugg, receiver of the Atlanta, Birmingham & Atlantic Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 25, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to meet overdue taxes and maturing bank loans.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$615,592.87.
2. That the term for which the loan is desired is 15 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Taxes in Georgia and Alabama, due December 15, 1921.....	\$228, 107. 88
Loan from National Bank of Commerce of New York, with interest..	292, 549. 99
Loan from Birmingham Trust & Savings Company, Birmingham, Ala., with interest.....	94, 935. 00
Total.....	615, 592. 87

4. The security offered for the loan consists of (a) receiver's certificates of indebtedness in a face amount equal to the amount of taxes, as aforesaid, and (b) \$530,000 of Atlanta, Birmingham & Atlantic first and refunding bonds.

Upon investigation and consideration thereof, we find the application should be denied on the following grounds: (1) The making in whole or in part of the proposed loan by the United States for the purposes set forth in the application is not necessary to enable the

applicant properly to meet the transportation needs of the public; (2) the prospective earning power of the property in the hands of the applicant and the character and value of the security offered are not such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet his other obligations in respect thereto, and reasonable protection to the United States; and (3) that the applicant has failed to make the necessary showing to enable us to make the finding that the applicant is unable to provide himself with the funds necessary for the aforesaid purposes from other sources.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1607.

IN THE MATTER OF THE APPLICATION OF THE WICHITA NORTHWESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE STOCK AND BONDS.

Approved February 6, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

ORDER.

Whereas, The Wichita Northwestern Railway Company has requested that its application now pending in this proceeding be dismissed without prejudice:

It is ordered, That said application of said Wichita Northwestern Railway Company be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 2024.

IN THE MATTER OF THE APPLICATION OF THE NEW
HOLLAND, HIGGINSPOET & MOUNT VERNON RAIL-
ROAD COMPANY FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY.

Submitted January 5, 1922. Decided February 7, 1922.

1. Certificate issued authorizing the construction of a line of railroad in the counties of Washington and Hyde, N. C.
2. Permission to retain excess earnings granted.

John R. Wilbanks for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The New Holland, Higginsport & Mount Vernon Railroad Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, on December 15, 1921, filed its application for a certificate that present and future public convenience and necessity require or will require the construction and operation by the applicant of a line of railroad extending from a connection with the Norfolk Southern Railroad at Wenona, Washington County, N. C., to New Holland, Hyde County, N. C., a distance of 35 miles. No representations were made in the matter by the authorities of the State of North Carolina.

The line in question was projected in the year 1919 by the North Carolina Farms Company, and a considerable amount of preliminary work was done in the matter prior to the effective date of paragraph (18) of section 1 of the interstate commerce act. No actual construction appears to have been undertaken, however, until subsequent to that date, but the line has been practically completed by the North Carolina Farms Company and the applicant has been organized to take over the property, complete it, and place it in operation in interstate commerce. Expenditures on the property properly chargeable to capital account were \$908,249.24 up to December 1, 1921, and the applicant states that the remaining expense incident to completion of the line will be small, and that sufficient equipment for immediate needs is now owned. The applicant has not as yet made application for authority to issue securities. It does, how-

ever, request permission to retain any excess earnings which may be derived from the operation of the line.

The territory which would be served by the proposed line is of recent development and consists of about 400,000 acres, of which 75,000 acres is now under cultivation. This region lies very low, parts of it being below sea level. An established drainage district covers an area of about 100,000 acres and lies along the southeastern end of the proposed line. Several land companies are reclaiming and selling land in the region tributary to the line, all of which is now remote from rail transportation and without convenient water transportation. Certain lands have been donated for right-of-way purposes, for town sites, and for necessary timber for construction purposes. Most of the traffic handled by the line will be additional to that which now moves by rail, and it is predicted that the road will prove a valuable feeder for the Norfolk Southern, with which it connects. The applicant estimates that for the first five years its annual revenues will average \$32,763 per year, and that its operating expenses will be substantially the same amount. Further development of the region, however, is expected to provide a substantial net income after five years.

Upon the facts presented we find that the present and future public convenience and necessity require the construction and operation by the applicant of the line of railroad as described in the application. Inasmuch as the applicant does not expect to realize any substantial return upon the investment during the first five years of operation, we further find that it should be permitted to retain, up to January 1, 1932, the earnings derived from such operation in excess of the amount otherwise provided by section 15a of the interstate commerce act for such disposition as may be lawful and proper.

A certificate to that effect will be issued.

COMMISSIONER DANIELS not participating.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction and operation by the New Holland, Higginsport & Mount Vernon Railroad Company of a line of railroad extending from Wenona, Washington County.

N. C., to New Holland, Hyde County, N. C., as described in said application and report.

It is ordered, That said New Holland, Higginsport & Mount Vernon Railroad Company be, and it is hereby, authorized to construct and operate said line of railroad: *Provided, however*, That the construction of said line of railroad shall be completed on or before April 1, 1922.

It is further ordered, That the said New Holland, Higginsport & Mount Vernon Railroad Company be, and it is hereby, given permission to retain for the period from the date the said new line is completed and put in operation to, but not later than, January 1, 1932, all of its earnings in excess of the amount otherwise provided in section 15a of the interstate commerce act for such disposition as it may lawfully make of the same.

And it is further ordered, That the said New Holland, Higginsport & Mount Vernon Railroad Company, when filing schedules establishing rates and fares on such new line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

71 L. C. C.

FINANCE DOCKET No. 1480.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE MISSOURI, KANSAS & TEXAS RAILWAY COMPANY OF TEXAS FOR AUTHORITY TO EXTEND THE MATURITY OF RECEIVER'S CERTIFICATES.

Submitted January 30, 1922. Decided February 8, 1922.

Authority granted to further extend the maturity of \$3,000,000 of receiver's certificates from February 15, 1922, to May 15, 1922, by indorsement. Previous report, 70 I. C. C., 76.

Joseph M. Bryson for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

C. E. Schaff, receiver of the Missouri, Kansas & Texas Railway Company of Texas, acting as a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to further extend the maturity of \$3,000,000 of receiver's certificates from February 15, 1922, to May 15, 1922. No objection to the granting of the application has been presented to us.

By our order in this proceeding dated July 5, 1921, 70 I. C. C., 76, we authorized the extension of the maturity of these certificates from February 15, 1921, to February 15, 1922. The applicant represents that he is without funds to pay the principal of the certificates, or any part thereof, at maturity, that the owners and holders of the greater part of them have agreed to their extension to May 15, 1922, and that he believes that by that date the reorganization of the railway company, the plan of which has been published and declared effective, will have progressed to a point where funds will be available to satisfy and retire these certificates.

The proposed extension is to be accomplished by indorsement on the certificates in the form set forth in the application, with the privilege on the part of the receiver, the reorganization managers, or the reorganized company, to pay off and discharge the certificates at any time prior to maturity when funds may be available for that purpose. The United States District Court for the Northern District

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of Texas by its order dated January 25, 1922, in consolidated cause in equity No. 2794/50, has authorized the applicant to extend the maturity of the certificates in the manner described.

We find that the proposed extension of the maturity of receiver's certificates by the applicant as aforesaid (a) is for a lawful object within the duly authorized purposes of the receiver, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by him of service to the public as a common carrier, and which will not impair his ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which supplemental report is hereby referred to and made a part hereof:

It is ordered, That C. E. Schaff, receiver of the Missouri, Kansas & Texas Railway Company of Texas, be, and he is hereby, authorized to further extend the date of maturity to May 15, 1922, of \$3,000,000, principal amount, of his receiver's certificates of indebtedness, series 1917 (the maturity of which has heretofore been extended from February 15, 1921, to February 15, 1922, pursuant to our order herein dated July 5, 1921), in conformity with and as authorized by the order of the District Court of the United States for the Northern District of Texas, made in consolidated cause in equity No. 2794/50, dated January 25, 1922; said extension of maturity to be accomplished by indorsement on said certificates, as set forth in the application.

It is further ordered, That, within 10 days thereafter, respectively, the applicant shall report to this commission all pertinent facts relating (1) to the extension of said receiver's certificates as herein authorized and (2) to the payment or other satisfaction of said certificates; such reports to be signed by the applicant and verified by his oath.

And it is further ordered, That nothing herein shall be construed to imply any representation, guaranty, or obligation as to said receiver's certificates, or interest thereon, or rights thereunder, on the part of the United States.

FINANCE DOCKET No. 2141.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, MILWAUKEE & ST. PAUL RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE CHICAGO, MILWAUKEE & GARY RAILWAY COMPANY AND TO GUARANTEE BONDS.

Submitted January 24, 1922. Decided February 11, 1922.

1. Acquisition of control of the Chicago, Milwaukee & Gary Railway Company, by purchase of capital stock, approved and authorized.
2. Authority granted to assume obligation or liability, as guarantor, in respect of not exceeding \$3,000,000 of first-mortgage 40-year 5 per cent bonds of the Chicago, Milwaukee & Gary Railway Company, by indorsing thereon the guaranty of the Chicago, Milwaukee & St. Paul Railway Company of the payment of the principal thereof and of the interest accruing thereon from and after January 1, 1924; when so indorsed, said bonds to be redelivered to the St. Louis Union Trust Company.
3. Consideration of remainder of application deferred.

Burton Hanson and J. R. Dickinson for applicant.

George H. Williams for Chicago, Milwaukee & Gary Railway Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, hereinafter called the St. Paul, a common carrier by railroad engaged in interstate commerce, has duly applied for authority (a) under paragraph (2) of section 5 of the interstate commerce act, to acquire control of the Chicago, Milwaukee & Gary Railway Company, hereinafter called the Gary, also a common carrier engaged in transportation subject to the act, by purchase of capital stock; and (b) under section 20a of the act, to assume obligation or liability, as guarantor, in respect of \$5,700,000 of the Gary's first-mortgage 40-year 5 per cent gold bonds by indorsing thereon its guaranty of the payment of the principal thereof and of interest accruing from and after January 1, 1924. No objection of record has been made to the granting of the application.

The Gary has now outstanding capital stock of the aggregate par value of \$1,000,000. It has also outstanding \$5,798,000 of first-mortgage bonds issued prior to the effective date of section 20a, under

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and pursuant to, and secured by, the first mortgage dated April 1, 1908, made by it to the Illinois State Trust Company and the St. Louis Union Trust Company, trustees. These bonds bear interest at the rate of 5 per cent per annum and will mature April 1, 1948. All of this stock and these bonds are held by the St. Louis Union Trust Company, hereinafter called the trust company, as syndicate manager under a contract dated June 25, 1913, entitled "noteholders' protective syndicate agreement."

By the terms of that agreement, the trust company is authorized to sell the securities held by it as syndicate manager, and the persons for whose benefit they are held have duly approved their sale to the St. Paul under a proposed agreement to be executed by and between the trust company, as syndicate manager, and the St. Paul, a copy of which is filed with us.

The trust company agrees, among other things, (1) to cancel \$98,000 of the bonds, together with the coupons attached thereto, leaving \$5,700,000 still outstanding; (2) to detach and cancel all interest coupons on the \$5,700,000 of bonds up to, but not including, the coupons due and payable April 1, 1924, and to enter a credit of \$12.50 on each of the coupons payable on that date so that no interest will accrue on the bonds until January 1, 1924; and (3) to deliver the \$5,700,000 of bonds and \$1,000,000 of stock to the St. Paul.

The St. Paul agrees, among other things, to guarantee by appropriate indorsement thereon, payment of the principal of \$3,000,000 of the bonds and of the interest accruing after January 1, 1924, and to redeliver the bonds thus indorsed to the trust company. The St. Paul will retain, as owner, the stock and the remaining \$2,700,000 of bonds, in respect of which it asks authority also to assume obligation or liability, as guarantor. The consideration for the transfer of the capital stock and the \$2,700,000 of bonds to the St. Paul is its guaranty of the \$3,000,000 of bonds which are to be redelivered to the trust company.

There appears to be no necessity at this time for the guaranty of the \$2,700,000 of bonds to be retained by the St. Paul. Such assumption of obligation or liability is not a part of the consideration for the agreement whereby the St. Paul proposed to obtain control of the Gary. Consideration of that part of the application will therefore be deferred.

The proposed agreement further provides that the St. Paul will operate the property of the Gary, maintaining it in accordance with the usual and customary standards, and may retain all of the revenues derived from such operation. The income accounts of the Gary

for the past 10 years show a deficit for each year, the evidence being that the road has been unable to secure a sufficient volume of through traffic to produce adequate revenues. This line extends from Delmar to Joliet, and from Aurora to Rockford, all in the State of Illinois, a distance of 108.05 miles. Operation between Joliet and Aurora is carried on over the tracks of the Elgin, Joliet & Eastern Railroad Company, forming a continuous line from Delmar to Rockford. By our order of December 31, 1921, in *Public-Convenience Certificate to C., M. & G. Ry.*, 70 I. C. C., 846, we authorized the Gary to construct a line of railroad connecting the lines which it now owns. At Delmar, the Gary connects with the Terre Haute division of the St. Paul and has other connections between Aurora and Rockford, and at Rockford, with other parts of the St. Paul system, so that the control of the Gary by the St. Paul will enable the latter to handle through traffic between its eastern connections and all parts of its system in the Northwest without passing through the congested switching district of Chicago. A considerable part of the traffic will consist of coal moving from the Terre Haute division of the St. Paul to other parts of its system, both for its own use and for commercial purposes. An important volume of through tonnage, other than coal, is also available from eastern connections. It is predicted by the St. Paul that the value of this line as an outer belt passing around Chicago and Milwaukee will more than justify its assumption of obligation in respect of the securities of the Gary. The balance sheet of the latter company as of November, 1921, shows investment in road and equipment of \$6,804,204.35. Complete information is not available as to the value of the physical property, but we are satisfied that the value is sufficient to justify the increased fixed charges for which the St. Paul will become liable.

We find that the acquisition by the St. Paul of the control of the Gary by the purchase of all of the outstanding capital stock of the latter will be in the public interest.

We further find that the proposed assumption by the St. Paul of obligation or liability, as guarantor, in respect of not exceeding \$3,000,000 of first-mortgage bonds of the Gary as aforesaid (*a*) is for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

A hearing and investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Chicago, Milwaukee & St. Paul Railway Company of the control of the Chicago, Milwaukee & Gary Railway Company by the purchase of its capital stock, in the manner and upon the terms set forth in the application and outlined in said report, be, and the same is hereby, approved and authorized.

It is further ordered, That, as part consideration for the acquisition of said stock of the Chicago, Milwaukee & Gary Railway Company, as herein authorized, the Chicago, Milwaukee & St. Paul Railway Company be, and it is hereby, authorized to assume obligation or liability, as guarantor, in respect of not exceeding \$3,000,000, aggregate principal amount, of first-mortgage bonds issued by said Chicago, Milwaukee & Gary Railway Company under and pursuant to, and secured by, the first mortgage dated April 1, 1908, made by it to the Illinois State Trust Company and the St. Louis Union Trust Company, trustees, by indorsing thereon the guaranty of said Chicago, Milwaukee & St. Paul Railway Company of the payment of the principal thereof and of the interest accruing thereon from and after January 1, 1924; said bonds to bear interest at the rate of 5 per cent per annum payable semiannually on April 1 and October 1, and to mature April 1, 1948; when so indorsed with said guaranty, said bonds to be redelivered by the applicant to the St. Louis Union Trust Company.

It is further ordered, That, within 10 days after the same shall have been consummated, the Chicago, Milwaukee & St. Paul Railway Company shall report to this commission all pertinent facts relating to the assumption of obligation or liability in respect of bonds as herein authorized, and likewise report the delivery of said bonds by it to the St. Louis Union Trust Company; such report or reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said bonds, or interest thereon.

FINANCE DOCKET No. 966.

IN THE MATTER OF THE APPLICATION OF THE GULF,
MOBILE & NORTHERN RAILROAD COMPANY FOR A
LOAN FROM THE UNITED STATES TO AID IN PROVID-
ING EQUIPMENT AND OTHER ADDITIONS AND BET-
TERMENTS.

Submitted January 26, 1922. Decided February 13, 1922.

Upon supplemental application in respect of a loan for equipment and other additions and betterments and consideration thereof, authority granted to offset underruns against overruns in expenditures, and to apply specified amounts to a specified project not originally included in the purposes of the loan in lieu of an amount now desired to be abandoned or deferred. Previous report, 65 I. C. C., 358.

F. M. Hicks for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On November 15, 1920, we issued our report and certificate No. 44 to the Secretary of the Treasury, 65 I. C. C., 358, approving the making of a loan of \$515,000 by the United States to the Gulf, Mobile & Northern Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant in providing itself with equipment and other additions and betterments.

On January 26, 1922, the applicant applied for authority for extension of time to complete additions and betterments projects, and for authority to offset underruns against overruns in expenditures, and to apply specified amounts to a specified project not originally included in the purposes of the loan in lieu of an amount now desired to be abandoned or deferred. As the applicant represented to us, however, that it had obligated itself to expend the proceeds of the loan within the time fixed therefor, the authority requested for an extension of time is not necessary.

After investigation we find that the proposed substitution of one locomotive crane in place of one switch engine originally included in the purposes of the loan should be authorized, and that the under-run of \$116 on the one switch engine purchased, and the underrun

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of \$772 on the locomotive crane, should be applied to the overrun on the interlocker with the Illinois Central Railroad, making the cost of this project to be financed from the loan \$23,888. We further find that this substitution of purposes and diversion of funds will enable the applicant properly to meet the transportation needs of the public.

FINANCE DOCKET No. 1621.

IN THE MATTER OF THE APPLICATION OF THE KANSAS & OKLAHOMA SOUTHERN RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 1, 1922. Decided February 15, 1922.

Certificate issued authorizing the construction of a line of railroad in Craig County, Okla.

S. M. Porter for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kansas & Oklahoma Southern Railway Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, on October 17, 1921, filed its application for a certificate that the present and future public convenience and necessity require or will require the construction of a line of railroad extending from Caney, Kans., in a southeasterly direction through the county of Montgomery, Kans., and the counties of Washington, Nowata, and Craig, Okla., to Vinita, Okla., a distance of approximately 61 miles, and for permission to retain the excess earnings therefrom. The State authorities of Kansas and Oklahoma have recommended that the application be granted.

Thereafter, the applicant requested that the inquiry in this proceeding be limited to consideration of the necessity for a line of railroad extending in a northwesterly direction from Vinita, Okla., a distance of 10 miles along its surveyed route as described in the application. The application will therefore be treated as amended accordingly.

Lying to the north and west of Vinita there are coal deposits which are not reached by existing rail lines and which contain between 15,000,000 and 20,000,000 tons of coal available for shipment. The applicant states that the owners of these coal properties desire to develop them and that by building the 10 miles of line an outlet for this coal will be afforded over the lines of the Missouri, Kansas & Texas Railway Company and the St. Louis-San Francisco Railway Company. The evidence shows that these coal de-

posits are adapted for early development, since part of the coal can be worked by the so-called stripping process; and that it can therefore be sold f. o. b. mines at least \$1 per ton cheaper than coal produced by shaft-mining methods. The evidence is sufficient to warrant the belief that a sufficient tonnage of coal will be mined to enable the operation of a short line of railroad to be carried on at a profit.

The applicant further states that it has been assured by responsible parties that its securities will be taken in sufficient amount to finance the proposed construction. An application for authority to issue such securities is now pending before us.

Upon the facts presented we find that the present and future public convenience and necessity require the construction by the applicant of a line of railroad extending along the route described in the application for a distance of 10 miles in a northwesterly direction from Vinita, Okla. Inasmuch as the line will be almost entirely dependent upon the movement of coal from mines not yet developed, we further find that the applicant should be permitted to retain for a period not to exceed 10 years from the date the road is completed and put in operation, but not later than December 31, 1932, all of its earnings derived from such new construction in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make, conditioned, however, upon completion of the work of construction on or before December 31, 1922.

A certificate and order to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Kansas & Oklahoma Southern Railway Company of a line of railroad extending along the route described in the application for a distance of 10 miles in a northwesterly direction from Vinita, Okla.

It is ordered, That the Kansas & Oklahoma Southern Railway Company be, and it is hereby, authorized to construct and operate said new line of railroad: *Provided, however,* That the construction

of said new line of railroad shall be completed on or before December 31, 1922.

It is further ordered, That the Kansas & Oklahoma Southern Railway Company be, and it is hereby, given permission to retain for a period not to exceed 10 years from the date the said new line is completed and put in operation, but not later than December 31, 1932, all of its earnings in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same.

And it is further ordered, That the Kansas & Oklahoma Southern Railway Company when filing schedules establishing rates and fares on such new line of railroad shall in such schedules refer to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 2099.

IN THE MATTER OF THE APPLICATION OF THE LIVE OAK, PERRY & GULF RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 6, 1922. Decided February 15, 1922.

Certificate issued authorizing the abandonment of a branch line of railroad in Taylor County, Fla.

R. P. Hopkins for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Live Oak, Perry & Gulf Railroad Company, a common carrier by railroad subject to the interstate commerce act, on December 23, 1921, filed an application for a certificate of public convenience and necessity pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon a branch line of railroad in Taylor County, Fla., extending from a connection with its main line at Murat Junction in a general northerly direction to Murat, a distance of 3.74 miles. The Railroad Commission of the State of Florida advised us that it would not make any representations in the matter.

This branch was completed in 1907 and was built largely for the purpose of furnishing transportation for the output of a turpentine industry at Murat. Several years ago the turpentine camp was abandoned and since then this track has been used solely by the Taylor County Lumber Company for hauling its logs to applicant's main line. The only revenue applicant has received from the line for several years is the trackage rental paid by the lumber company. From January 1, 1916, to November 30, 1921, this rental amounted to \$6,356.21. The Taylor County Lumber Company gave notice to the applicant, effective January 1, 1922, that it would no longer handle its logs over this branch.

The territory traversed by the line is either timberland or cut-over timberland. No industry is served by the branch and there are no settlers dependent upon it for transportation. Applicant states that it has not operated a train over this branch for about eight

years, and that there is no freight, passenger, or express business available for transportation.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the branch line of railroad in question. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Live Oak, Perry & Gulf Railroad Company of the branch line of railroad in Taylor County, Fla., described in the application and report aforesaid.

It is ordered, That the Live Oak, Perry & Gulf Railroad Company be, and it is hereby, authorized to abandon said branch line of railroad.

It is further ordered, That said Live Oak, Perry & Gulf Railroad Company, when filing schedules canceling tariffs applicable to said branch line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 1036.

IN THE MATTER OF THE APPLICATION OF THE WESTERN MARYLAND RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted February 13, 1922. Decided February 16, 1922.

Upon supplemental application in respect of a loan for additions and betterments and consideration thereof, authority granted to offset underruns against overruns in expenditures. Previous report, 65 I. C. C., 664.

M. C. Byers for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On January 14, 1921, we issued our report and certificate No. 22, 65 I. C. C., 664, to the Secretary of the Treasury approving the making of a loan of \$622,800 by the United States to the Western Maryland Railway Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling the applicant to provide itself with additions and betterments.

On February 13, 1922, the applicant requested authority to apply an underrun of \$7,183 on four passing sidings, and an underrun of \$10,000 on the completion of new engine terminals and freight yards at Bowest (Connellsville, Pa.) upon an overrun of \$37,000 for dredging at Port Covington to accommodate large boats.

After investigation, we find that the underrun of \$7,183 on the four passing sidings and the underrun of \$10,000 on the completion of new engine terminals and freight yards at Bowest (Connellsville, Pa.) should be applied to the overrun on the dredging at Port Covington to accommodate large boats.

We further find that this diversion of funds is necessary to enable the applicant properly to meet the transportation needs of the public.

71 I. C. C.

FINANCE DOCKET No. 1606.

IN THE MATTER OF FINAL SETTLEMENT UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Approved February 20, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.

Whereas, Under date of June 10, 1920,¹ this commission issued an order prescribing the general accounting procedure in connection with the determination of railway operating income applicable to the guaranty period for the purpose of arriving at the amount payable to or by the United States under section 209 of the transportation act, 1920;

It appearing, That certain carriers did not maintain separate accounts on behalf of the President, as operator of the transportation systems under Federal control, with the result that there was a continuity of accounting from the test period to August 31, 1920:

It is held, That as to such carriers there is no necessity for a consideration of so-called lapovers, and therefore,

It is ordered, That as to such carriers the accounting of the guaranty period will terminate with the accounts as of August 31, 1920, stated in accordance with the commission's accounting regulations; and that the following exhibits, schedules, and parts thereof, in the forms accompanying the commission's order of December 15, 1921,² shall be omitted in filing returns thereunder:

1. All of exhibit C.
2. Columns (9) to (25), inclusive, of exhibit D.
3. All of schedule 5 of exhibit D.
4. All of section 1 of schedule 7 of exhibit D, with the exception of columns (19-a), (19-c), and (19-d).
5. All of schedule 3 of exhibit D.
6. Columns (3), (4), (7), and (8) of section 1 of schedule 9 of exhibit D.
7. Lap-over features of schedule 12 of exhibit D.
8. Such portion of schedule 15 of exhibit D as is affected or eliminated by the authority herein given.

¹ See 70 I. C. C., 717.

² See 70 I. C. C., 711, et seq.

FINANCE DOCKET No. 1899.

IN THE MATTER OF THE APPLICATION OF THE WABASH, CHESTER & WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted January 21, 1922. Decided February 20, 1922.

Held, That upon the record it is not shown that the loan requested is necessary to meet public transportation needs or that the security offered is adequate. Application denied.

D. D. Hodges for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Wabash, Chester & Western Railroad Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, on December 2, 1921, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness and to provide equipment and other additions and betterments.

In the application the applicant sets forth:

- 1. That the amount of the loan desired is \$500,000.
- 2. That the term for which the loan is desired is 15 years.
- 3. That the purposes of the loan and the uses to which it will be applied are as follows:

To pay short-time notes-----	\$292, 338. 56
To purchase motive power consisting of two additional Baldwin locomotives-----	73, 000. 00
Additions and betterments, approximately-----	250, 000. 00

- 4. The security offered for the loan is applicant's first consolidated mortgage 5 per cent bonds due in 1928 in a principal amount equivalent to the amount of loan sought.

Upon investigation and consideration thereof, we find the application should be denied, on the following grounds: (1) That the making in whole or in part of the proposed loan by the United States for the purposes set forth in the application is not necessary to enable the applicant properly to meet the transportation needs of the public; and (2) that the prospective earning power of the applicant and the character and value of the security offered are not such as to furnish

reasonable assurance of the applicant's ability to repay the loan and to meet its other obligations in regard thereto, and reasonable protection to the United States.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1143.

IN THE MATTER OF THE APPLICATION OF THE MINGO VALLEY RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 11, 1922. Decided February 21, 1922.

1. Certificate issued authorizing the construction of a line of railroad in Washington County, Pa.
2. Permission to retain excess earnings granted.

Don Rose for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Mingo Valley Railroad Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, on December 14, 1920, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to construct a line of railroad in Washington County, Pa. Permission is requested under paragraph (18) of section 15a to retain the excess earnings of the line to be constructed. The Public Service Commission of Pennsylvania has signified its approval of the proposed construction. A hearing was held on December 21, 1921.

The applicant was incorporated for the purpose of constructing a line of railroad in Washington County, Pa., extending from a point on the Monongahela River, near the mouth of Mingo Creek, to a connection with the Montour Railroad, a distance of 18.2 miles, the object being to connect the Montour Railroad with the Monongahela division of the Pennsylvania Railroad and with water transport on the Monongahela River at Courtney, Pa. The applicant now seeks authority to construct a portion of its proposed line extending from Courtney up Mingo Creek a distance of 3.5 miles.

The territory tributary to the proposed line consists of coal lands, of which the United States Steel Corporation owns 19,000 acres and the Pittsburgh Coal Company owns 17,000 acres. A coal mine with a daily capacity of from 2,000 to 5,000 tons is to be opened by the Pittsburgh Coal Company at the end of the line which it is now proposed to construct and a new station will be established at the site of the mine. It appears that the coal in this field is a high-grade

by-product and gas coal for which there is a continuous demand. This road will furnish an adequate rail outlet and will make it possible to ship the coal by river to important markets. It is stated that the tonnage over this portion of the line will move to consumers within the Pittsburgh industrial district and to other points in western Pennsylvania and eastern Ohio. When the present contemplated construction is extended to a connection with the Montour Railroad, it will enable coal operators on the latter road to reach the Monongahela River, and the connection with the Pennsylvania Railroad at Courtney will permit them to ship coal to tidewater, as well as to Lake Erie ports for reshipment to the Northwest, without passing through the congested terminals in Pittsburgh. It would also enable the Montour Railroad to operate as an outer belt line in moving general eastbound and westbound traffic around Pittsburgh. Coal now mined along the Montour Railroad can not reach the eastern markets without passing through Pittsburgh.

The cost of the 3.5 miles of line which it is now proposed to construct, as estimated by the applicant, is \$573,897.40. It is planned to finance the proposed construction by the sale of capital stock. The outstanding capital stock of the applicant is \$230,000, which is owned by the Montour Railroad Company, hereinafter called the Montour. Applicant's stockholders have authorized an increase in the capital stock to \$1,500,000, which will be issued, as required, for construction purposes and will be sold to the Montour at par. Substantially all of the stock of the Montour is owned by the Pittsburgh Coal Company.

The principal traffic to be carried by the proposed line is coal. The road will pass through Courtney, a town of approximately 200 inhabitants, and Riverview, with a population of 300. Both of these towns have stations on the Pennsylvania Railroad. The population of the remaining area to be served is estimated by the applicant at 300. There are five or six small mines, located on that portion of the line which it is now proposed to build, that are not owned by the Pittsburgh Coal Company. These mines are so located that they could ship their output over this road. The only passenger traffic would be that incident to the mining operations.

Applicant estimates the net operating revenue for the first year at \$14,650, increasing to \$69,000 for the fifth year. The net railway operating income, as estimated by the applicant, rises from a deficit of \$2,350 for the first year to an income of \$36,000 for the fifth year, equal to a return of 6.3 per cent on the estimated construction cost. The expectation of a substantial traffic growth after the first five years of operation seems to be justified, and it appears that there is a reasonable prospect that this line should earn a satisfactory return.

Neither the Montour nor the applicant owns, leases, or operates any coal properties, nor does either own any stock or other interest in any coal company.

The Pittsburgh Coal Company is the largest coal producer on the line of the Montour Railroad. It operates 10 mines as against a total of 15 large operations and a large number of small operations by other producers. In the year 1920 its output furnished 59 per cent of the coal tonnage of the Montour. It is stated that this percentage of production will be materially decreased as the result of coal operations now being developed by other companies. The product of the Pittsburgh Coal Company is sold f. o. b. the mines. It is stated that the Montour Railroad is operated independently. The Montour and the applicant each have eight directors, three of whom are also directors of the Pittsburgh Coal Company. It appears that the latter company has never received any preferential treatment because of its proprietary interest in the Montour. Officials of six of the large coal-mining properties dependent upon the Montour Railroad for transportation testified that the proposed construction, when extended to a connection with the Montour Railroad, would be a decided advantage to their companies in that it would afford them a direct outlet to eastern markets, and that they did not anticipate any difficulty in the handling of traffic over the new line by reason of the fact that it is controlled by a competitor.

Upon the facts presented we find that the present and future public convenience and necessity require the construction by the applicant of a line of railroad, approximately 3.5 miles in length, in Washington County, Pa., described in the application, and we further find that applicant should be permitted to retain for a period not to exceed 10 years from the date the road is completed and put in operation, but not later than December 31, 1933, all of its earnings derived from such new construction in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make, conditioned, however, upon the completion of the work of construction on or before December 31, 1923.

A certificate and order to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its

findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Mingo Valley Railroad Company of a line of railroad in Washington County, Pa., described in the application and the report aforesaid.

It is ordered, That the Mingo Valley Railroad Company be, and it is hereby, authorized to construct and operate said new line of railroad: *Provided, however*, That the construction of said new line of railroad shall be completed on or before December 31, 1923: *And provided further*, That this certificate shall not be construed as authorizing the operation, by either the applicant or its lessee, of the line of railroad to be constructed in a manner which will constitute a violation of paragraph (8) of section 1 of the interstate commerce act.

It is further ordered, That the Mingo Valley Railroad Company be, and it is hereby, given permission to retain for a period not to exceed 10 years from the date the said new line of railroad is completed and put in operation, but not later than December 31, 1933, all of its earnings in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same.

And it is further ordered, That the Mingo Valley Railroad Company, when filing schedules establishing rates and fares on said new line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 2192.

IN THE MATTER OF THE APPLICATION OF THE RICHMOND TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS AND OF THE RICHMOND, FREDERICKSBURG & POTOMAC RAILROAD COMPANY AND THE ATLANTIC COAST LINE RAILROAD COMPANY TO ASSUME LIABILITY AS GUARANTORS THEREOF.

Submitted February 4, 1922. Decided February 23, 1922.

1. Authority granted to the Richmond Terminal Railway Company to issue not exceeding \$3,380,000 of first-mortgage 30-year 5 per cent guaranteed gold bonds, said bonds to be sold at not less than 92.75 per cent of par and accrued interest, and the proceeds to be used to refund certain promissory notes.
2. Authority granted to the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company to assume obligation and liability, as guarantors, in respect of the aforesaid bonds.

E. Randolph Williams for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Richmond Terminal Railway Company, the Richmond, Fredericksburg & Potomac Railroad Company, and the Atlantic Coast Line Railroad Company, common carriers by railroad engaged in interstate commerce, have filed a joint application under section 20a of the interstate commerce act, in which the Terminal Company asks for authority to issue \$3,380,000 of first-mortgage 30-year 5 per cent guaranteed gold bonds for the purpose of retiring certain promissory notes aggregating \$3,125,000; and in which the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company ask for authority to assume obligation and liability, as guarantors, in respect of the payment of the principal and interest of the bonds proposed to be issued. No objection to the granting of the authority requested has been presented to us.

By our orders in *Notes of Richmond Terminal Ry.*, 65 I. C. C., 753, and 67 I. C. C., 280, issued January 25, 1921, and March 12, 1921, respectively, we authorized the Terminal Company to issue promissory notes aggregating \$3,125,000, one half in amount for delivery and payment to the Richmond, Fredericksburg & Potomac Railroad

Company and the other half to the Atlantic Coast Line Railroad Company. The notes were issued against advances made to the Terminal Company by the two companies mentioned and used for the construction of the Terminal Company's station properties and for other expenditures in connection therewith.

The Terminal Company proposes to make a first mortgage as of January 1, 1922, to the First National Bank of Richmond, Va., and to issue thereunder not exceeding \$3,380,000 of its first-mortgage 30-year 5 per cent guaranteed gold bonds, the proceeds to be used in refunding the promissory notes issued as aforesaid. A copy of the proposed first mortgage is filed with the application.

Arrangements have been made to sell the bonds to Kuhn, Loeb & Company of New York City at 92.75 per cent of par and accrued interest. On such basis the proceeds from the sale will amount to \$3,134,950 and the annual cost to the Terminal Company of such proceeds will be approximately 5½ per cent.

The Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, which own all of the capital stock of the Terminal Company, propose to assume obligation and liability in respect of the payment of the principal and interest of these bonds by indorsement thereon of their joint and several and unconditional guaranty under an agreement for joint use and operation of passenger terminals at Richmond, Va., which instrument includes the agreement of guaranty between the Terminal Company, the Atlantic Coast Line Railroad Company, the Richmond, Fredericksburg & Potomac Railroad Company, and the First National Bank of Richmond, Va. A copy of the proposed agreement is filed with the application.

The investment in road and equipment of the Terminal Company, as of December 31, 1920, is reported at \$3,117,992.38. It submits that the value of the properties as of January 1, 1922, is \$4,855,976.86. We express no opinion as to such value.

We find that the proposed issue of not exceeding \$3,380,000 of bonds by the Richmond Terminal Railway Company and the proposed assumption of obligation and liability, as guarantors, in respect thereof, by the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, as aforesaid (a) are for a lawful object within their respective corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Richmond Terminal Railway Company be, and it is hereby, authorized to issue not exceeding \$3,380,000, principal amount, of its first-mortgage 30-year 5 per cent guaranteed gold bonds, under and pursuant to, and to be secured by, its first mortgage dated January 1, 1922, to the First National Bank of Richmond, Va.; said bonds to be dated as of January 1, 1922, to mature January 1, 1952, and to bear interest at the rate of 5 per cent per annum, payable semiannually on January 1 and July 1 in each year; said bonds to be sold at not less than 92.75 per cent of par and accrued interest, the proceeds to be used to refund certain promissory notes as set forth in the report and application.

It is further ordered, That the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company be, and they are hereby, authorized to assume obligation and liability, as guarantors, in respect of the payment of the principal and interest of \$3,380,000, principal amount, of first-mortgage bonds of the Richmond Terminal Railway Company, hereinbefore described, by entering into an agreement with the Richmond Terminal Railway Company and the First National Bank of Richmond, Va., substantially in the form submitted with the application, and by indorsing upon each of said bonds their joint and several unconditional guaranty of the payment of the principal and interest thereof, in the form set forth in the proposed agreement of guaranty.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the Richmond Terminal Railway Company, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution and delivery thereof, the Richmond Terminal Railway Company shall file with this commission a certified copy of said first mortgage, and the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company shall file with this commission a certified copy of the agreement of guaranty, in the forms in which they were respectively executed.

It is further ordered, That the Richmond Terminal Railway Company shall within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the sale of said first-

mortgage bonds and the use of the proceeds, said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 70.

IN THE MATTER OF THE APPLICATION OF THE MAINE
CENTRAL RAILROAD COMPANY FOR AUTHORITY TO
ISSUE AND PLEDGE FIRST AND REFUNDING MORT-
GAGE BONDS.

Submitted December 17, 1921. Decided February 24, 1922.

Authority granted to issue \$331,000 of first and refunding mortgage 6 per cent gold bonds, series D; (1) \$300,000 of said bonds to be pledged as collateral security for a 6 per cent demand note for \$250,000 to be issued to the Director General of Railroads, and (2) all or any part of said \$331,000 of bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness of the carrier to the United States in respect of additions and betterments made during Federal control. Previous report 65 I. C. C., 304.

Charles H. Blatchford for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Maine Central Railroad Company, a common carrier by railroad engaged in interstate commerce, by a supplemental application filed in this proceeding on November 25, 1921, has duly applied for authority under section 20a of the interstate commerce act to issue \$331,000 of first and refunding mortgage 6 per cent gold bonds, series D, and to pledge \$300,000 of these bonds as collateral security for a 6 per cent demand note for \$250,000 to be issued to the Director General of Railroads, and ultimately to pledge all or any portion of the bonds with the Director General of Railroads, as collateral security in connection with the funding of its indebtedness to the United States in respect of additions and betterments made to its property during Federal control. No objection to the granting of the application has been presented to us.

By section 4 of Article II of the first and refunding mortgage dated December 1, 1915, made by it to the Union Safe Deposit & Trust Company, of Portland, Me., the applicant is authorized to issue \$5,300,000 of bonds for the purposes, among others, of acquiring property, making improvements, and refunding its obligations. In the original application filed September 23, 1920, the applicant requested authority to issue \$2,300,000 of bonds under this section, \$1,969,000 to be used as collateral security for loans already arranged, and \$331,000 for contemplated loans to provide funds for new equipment or for additions and betterments. By our order herein dated
71 I. C. C.

October 21, 1920, 65 I. C. C., 304, we authorized the pledge of \$1,969,000 of these bonds as security for specified loans, but action on that part of the application relating to the pledge of \$331,000 of bonds as collateral security for contemplated loans was deferred for the reason that the specific purpose for which such loans were to be negotiated had not been determined.

The applicant now represents that during the period of Federal control the Director General of Railroads spent \$1,346,223.93 for additions and betterments upon its property, which amount stands as a charge against the carrier on the books of the director general. Of this amount, \$1,000,000 has been capitalized by the issue of first and refunding mortgage bonds, series C. In addition it submits evidence of expenditures in the amount of \$282,111.64 made, or to be made, for the acquisition of equipment and for construction, completion, extension, or improvement of its property subsequent to Federal control, which have not heretofore been capitalized. The applicant is therefore entitled to issue the \$331,000 of bonds for which authority is now sought, in respect of part of those expenditures. The proposed bonds will be dated December 1, 1915, bear interest at the rate of 6 per cent per annum, and mature December 1, 1935.

The applicant also represents that in connection with the adjustment of its claim against the Director General of Railroads for compensation on account of the possession, use, and operation of its property during Federal control, it has arranged for an advance of \$250,000. The applicant is required to issue to the director general its promissory note for \$250,000, payable on demand, with interest at the rate of 6 per cent per annum, payable quarterly. As collateral security for this note, the applicant proposes to pledge \$300,000 of series-D bonds.

In the event that arrangements are made for funding its indebtedness to the United States in respect of the \$1,346,223.93 expended for additions and betterments during Federal control, the applicant proposes to pledge with the director general any or all of the \$331,000 of series-D bonds as collateral security for the primary obligation by which such funding may be accomplished.

We find that the proposed issue of first and refunding mortgage bonds, series D, by the applicant as aforesaid (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Maine Central Railroad Company be, and it is hereby, authorized to issue not exceeding \$331,000, aggregate principal amount, of its first and refunding mortgage gold bonds, series D, under and pursuant to, and to be secured by the first and refunding mortgage dated December 1, 1915, made by the applicant to the Union Safe Deposit & Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on June 1 and December 1 in each year, and to mature December 1, 1935: (1) \$300,000, principal amount, of said bonds to be pledged as collateral security for a 6 per cent promissory note for \$250,000, face amount, payable on demand to the order of said Director General of Railroads, to be issued by the applicant as set forth in said report, and (2) all or any part of said \$331,000, aggregate principal amount, of bonds to be pledged with said Director General of Railroads, in connection with the funding of the applicant's indebtedness to the United States in respect of additions and betterments made to its property during Federal control.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That within 10 days thereafter, respectively, the applicant shall report to this commission all pertinent facts relating to the issue of said bonds, the pledge thereof as herein authorized, and the release of bonds from such pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

717. C. C.

FINANCE DOCKET No. 1986.

IN THE MATTER OF THE APPLICATION OF THE LEHIGH VALLEY RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 21, 1922. Decided February 24, 1922.

Certificate issued authorizing the abandonment of a branch line of railroad in Sullivan and Wyoming Counties, Pa.

E. H. Boles for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Lehigh Valley Railroad Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Lehigh Company, on December 12, 1921, filed an application in its own behalf and on behalf of its lessor, the Loyalsock Railroad Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, hereinafter called the Loyalsock Company, for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing the abandonment of a branch line of railroad in Sullivan and Wyoming Counties, Pa., extending from Ganoga Lake to Ricketts, a distance of 3.83 miles. No representations have been made by the State authorities and no objections to the proposed abandonment have been filed with us.

The Loyalsock Company is a subsidiary of the Lehigh Company. Its entire capital stock, amounting to \$825,000, and its indebtedness, evidenced by debenture bonds to the amount of \$35,000, are owned by the Lehigh Company. On December 2, 1920, the railroad of the Loyalsock Company was leased to the Lehigh Company for the term of the corporate existence of the company less one day. This railroad is 50.27 miles long and is operated by the Lehigh Company as a part of the Bowman's Creek branch of its railroad.

The branch line in question was built about the year 1892 for the purpose of developing the timber resources in the territory served. It was used chiefly as a logging branch until 1914, at which time all the timber had been cut. A few years after the branch was built an ice industry was established at Ganoga Lake, and this line was utilized to transport the product of the ice houses. This ice business

has been entirely discontinued and the machinery removed. No passenger service has been maintained since 1900 and no shipments of any kind have been hauled over the line since October, 1919. The country tributary to the branch is described as wild detimbered mountain land. Applicant states that it would cost from \$15,000 to \$20,000 to put the track in condition for operation and that there is no prospect of developing any traffic on the branch.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the branch line of railroad in question. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Lehigh Valley Railroad Company and the Loyalsock Railroad Company of the branch line of railroad extending from Ganoga Lake, Pa., to Ricketts, Pa., described in the application and report aforesaid.

It is ordered, That the Lehigh Valley Railroad Company and the Loyalsock Railroad Company be, and they are hereby, authorized to abandon said branch line of railroad.

It is further ordered, That the said Lehigh Valley Railroad Company, when filing schedules canceling tariffs applicable to said branch line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

Company and the other half to the Atlantic Coast Line Railroad Company. The notes were issued against advances made to the Terminal Company by the two companies mentioned and used for the construction of the Terminal Company's station properties and for other expenditures in connection therewith.

The Terminal Company proposes to make a first mortgage as of January 1, 1922, to the First National Bank of Richmond, Va., and to issue thereunder not exceeding \$3,380,000 of its first-mortgage 30-year 5 per cent guaranteed gold bonds, the proceeds to be used in refunding the promissory notes issued as aforesaid. A copy of the proposed first mortgage is filed with the application.

Arrangements have been made to sell the bonds to Kuhn, Loeb & Company of New York City at 92.75 per cent of par and accrued interest. On such basis the proceeds from the sale will amount to \$3,134,950 and the annual cost to the Terminal Company of such proceeds will be approximately 5½ per cent.

The Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, which own all of the capital stock of the Terminal Company, propose to assume obligation and liability in respect of the payment of the principal and interest of these bonds by indorsement thereon of their joint and several and unconditional guaranty under an agreement for joint use and operation of passenger terminals at Richmond, Va., which instrument includes the agreement of guaranty between the Terminal Company, the Atlantic Coast Line Railroad Company, the Richmond, Fredericksburg & Potomac Railroad Company, and the First National Bank of Richmond, Va. A copy of the proposed agreement is filed with the application.

The investment in road and equipment of the Terminal Company, as of December 31, 1920, is reported at \$3,117,992.38. It submits that the value of the properties as of January 1, 1922, is \$4,855,976.86. We express no opinion as to such value.

We find that the proposed issue of not exceeding \$3,380,000 of bonds by the Richmond Terminal Railway Company and the proposed assumption of obligation and liability, as guarantors, in respect thereof, by the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company, as aforesaid (a) are for a lawful object within their respective corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Richmond Terminal Railway Company be, and it is hereby, authorized to issue not exceeding \$3,380,000, principal amount, of its first-mortgage 30-year 5 per cent guaranteed gold bonds, under and pursuant to, and to be secured by, its first mortgage dated January 1, 1922, to the First National Bank of Richmond, Va.; said bonds to be dated as of January 1, 1922, to mature January 1, 1952, and to bear interest at the rate of 5 per cent per annum, payable semiannually on January 1 and July 1 in each year; said bonds to be sold at not less than 92.75 per cent of par and accrued interest, the proceeds to be used to refund certain promissory notes as set forth in the report and application.

It is further ordered, That the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company be, and they are hereby, authorized to assume obligation and liability, as guarantors, in respect of the payment of the principal and interest of \$3,380,000, principal amount, of first-mortgage bonds of the Richmond Terminal Railway Company, hereinbefore described, by entering into an agreement with the Richmond Terminal Railway Company and the First National Bank of Richmond, Va., substantially in the form submitted with the application, and by indorsing upon each of said bonds their joint and several unconditional guaranty of the payment of the principal and interest thereof, in the form set forth in the proposed agreement of guaranty.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the Richmond Terminal Railway Company, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution and delivery thereof, the Richmond Terminal Railway Company shall file with this commission a certified copy of said first mortgage, and the Richmond, Fredericksburg & Potomac Railroad Company and the Atlantic Coast Line Railroad Company shall file with this commission a certified copy of the agreement of guaranty, in the forms in which they were respectively executed.

It is further ordered, That the Richmond Terminal Railway Company shall within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the sale of said first-

mortgage bonds and the use of the proceeds, said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 70.

IN THE MATTER OF THE APPLICATION OF THE MAINE
CENTRAL RAILROAD COMPANY FOR AUTHORITY TO
ISSUE AND PLEDGE FIRST AND REFUNDING MORT-
GAGE BONDS.

Submitted December 17, 1921. Decided February 24, 1922.

Authority granted to issue \$331,000 of first and refunding mortgage 6 per cent gold bonds, series D; (1) \$300,000 of said bonds to be pledged as collateral security for a 6 per cent demand note for \$250,000 to be issued to the Director General of Railroads, and (2) all or any part of said \$331,000 of bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness of the carrier to the United States in respect of additions and betterments made during Federal control. Previous report 65 I. C. C., 304.

Charles H. Blatchford for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Maine Central Railroad Company, a common carrier by railroad engaged in interstate commerce, by a supplemental application filed in this proceeding on November 25, 1921, has duly applied for authority under section 20a of the interstate commerce act to issue \$331,000 of first and refunding mortgage 6 per cent gold bonds, series D, and to pledge \$300,000 of these bonds as collateral security for a 6 per cent demand note for \$250,000 to be issued to the Director General of Railroads, and ultimately to pledge all or any portion of the bonds with the Director General of Railroads, as collateral security in connection with the funding of its indebtedness to the United States in respect of additions and betterments made to its property during Federal control. No objection to the granting of the application has been presented to us.

By section 4 of Article II of the first and refunding mortgage dated December 1, 1915, made by it to the Union Safe Deposit & Trust Company, of Portland, Me., the applicant is authorized to issue \$5,300,000 of bonds for the purposes, among others, of acquiring property, making improvements, and refunding its obligations. In the original application filed September 23, 1920, the applicant requested authority to issue \$2,300,000 of bonds under this section, \$1,969,000 to be used as collateral security for loans already arranged, and \$331,000 for contemplated loans to provide funds for new equipment or for additions and betterments. By our order herein dated

October 21, 1920, 65 I. C. C., 304, we authorized the pledge of \$1,969,000 of these bonds as security for specified loans, but action on that part of the application relating to the pledge of \$331,000 of bonds as collateral security for contemplated loans was deferred for the reason that the specific purpose for which such loans were to be negotiated had not been determined.

The applicant now represents that during the period of Federal control the Director General of Railroads spent \$1,346,223.93 for additions and betterments upon its property, which amount stands as a charge against the carrier on the books of the director general. Of this amount, \$1,000,000 has been capitalized by the issue of first and refunding mortgage bonds, series C. In addition it submits evidence of expenditures in the amount of \$282,111.64 made, or to be made, for the acquisition of equipment and for construction, completion, extension, or improvement of its property subsequent to Federal control, which have not heretofore been capitalized. The applicant is therefore entitled to issue the \$331,000 of bonds for which authority is now sought, in respect of part of those expenditures. The proposed bonds will be dated December 1, 1915, bear interest at the rate of 6 per cent per annum, and mature December 1, 1935.

The applicant also represents that in connection with the adjustment of its claim against the Director General of Railroads for compensation on account of the possession, use, and operation of its property during Federal control, it has arranged for an advance of \$250,000. The applicant is required to issue to the director general its promissory note for \$250,000, payable on demand, with interest at the rate of 6 per cent per annum, payable quarterly. As collateral security for this note, the applicant proposes to pledge \$300,000 of series-D bonds.

In the event that arrangements are made for funding its indebtedness to the United States in respect of the \$1,346,223.93 expended for additions and betterments during Federal control, the applicant proposes to pledge with the director general any or all of the \$331,000 of series-D bonds as collateral security for the primary obligation by which such funding may be accomplished.

We find that the proposed issue of first and refunding mortgage bonds, series D, by the applicant as aforesaid (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Maine Central Railroad Company be, and it is hereby, authorized to issue not exceeding \$331,000, aggregate principal amount, of its first and refunding mortgage gold bonds, series D, under and pursuant to, and to be secured by the first and refunding mortgage dated December 1, 1915, made by the applicant to the Union Safe Deposit & Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on June 1 and December 1 in each year, and to mature December 1, 1935: (1) \$300,000, principal amount, of said bonds to be pledged as collateral security for a 6 per cent promissory note for \$250,000, face amount, payable on demand to the order of said Director General of Railroads, to be issued by the applicant as set forth in said report, and (2) all or any part of said \$331,000, aggregate principal amount, of bonds to be pledged with said Director General of Railroads, in connection with the funding of the applicant's indebtedness to the United States in respect of additions and betterments made to its property during Federal control.

It is further ordered, That, except as herein authorized to be pledged, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That within 10 days thereafter, respectively, the applicant shall report to this commission all pertinent facts relating to the issue of said bonds, the pledge thereof as herein authorized, and the release of bonds from such pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

711. C. C.

FINANCE DOCKET No. 1986.

IN THE MATTER OF THE APPLICATION OF THE LEHIGH VALLEY RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 21, 1922. Decided February 24, 1922.

Certificate issued authorizing the abandonment of a branch line of railroad in Sullivan and Wyoming Counties, Pa.

E. H. Boles for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Lehigh Valley Railroad Company, a common carrier by railroad subject to the interstate commerce act, hereinafter called the Lehigh Company, on December 12, 1921, filed an application in its own behalf and on behalf of its lessor, the Loyalsock Railroad Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, hereinafter called the Loyalsock Company, for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing the abandonment of a branch line of railroad in Sullivan and Wyoming Counties, Pa., extending from Ganoga Lake to Ricketts, a distance of 3.83 miles. No representations have been made by the State authorities and no objections to the proposed abandonment have been filed with us.

The Loyalsock Company is a subsidiary of the Lehigh Company. Its entire capital stock, amounting to \$825,000, and its indebtedness, evidenced by debenture bonds to the amount of \$35,000, are owned by the Lehigh Company. On December 2, 1920, the railroad of the Loyalsock Company was leased to the Lehigh Company for the term of the corporate existence of the company less one day. This railroad is 50.27 miles long and is operated by the Lehigh Company as a part of the Bowman's Creek branch of its railroad.

The branch line in question was built about the year 1892 for the purpose of developing the timber resources in the territory served. It was used chiefly as a logging branch until 1914, at which time all the timber had been cut. A few years after the branch was built an ice industry was established at Ganoga Lake, and this line was utilized to transport the product of the ice houses. This ice business

has been entirely discontinued and the machinery removed. No passenger service has been maintained since 1900 and no shipments of any kind have been hauled over the line since October, 1919. The country tributary to the branch is described as wild detimbered mountain land. Applicant states that it would cost from \$15,000 to \$20,000 to put the track in condition for operation and that there is no prospect of developing any traffic on the branch.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the branch line of railroad in question. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Lehigh Valley Railroad Company and the Loyalsock Railroad Company of the branch line of railroad extending from Ganoga Lake, Pa., to Ricketts, Pa., described in the application and report aforesaid.

It is ordered, That the Lehigh Valley Railroad Company and the Loyalsock Railroad Company be, and they are hereby, authorized to abandon said branch line of railroad.

It is further ordered, That the said Lehigh Valley Railroad Company, when filing schedules canceling tariffs applicable to said branch line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 2206.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY FOR EQUIPMENT-TRUST CERTIFICATES.

Submitted January 31, 1922. Decided February 24, 1922.

Authority granted to assume obligation or liability in respect of \$3,225,000 of equipment-trust certificates (1) by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Company, trustee, and thereby guaranteeing payment of the principal of the certificates and of dividends thereon at the rate of 5½ per cent per annum, (2) by indorsing upon each certificate its guaranty of such payment, and (3) by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends. Terms and conditions prescribed.

Walter S. Horton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation or liability in respect of \$3,225,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into such agreement and into a lease with the trustee thereunder covering the trust equipment, and by indorsing upon each certificate its guaranty of the punctual payment of the principal thereof and dividends thereon. No objection to the granting of the application has been presented to us.

In order that it may properly and adequately serve the shipping public, the applicant desires to procure 350 refrigerator cars, 500 drop-bottom drop-end 46-foot gondola cars, and 1,500 drop-bottom composite 41-foot gondola cars, at a total estimated cost of \$4,071,500.

It is proposed that Harry E. Richter and Andrew S. Hannum, termed the vendors, the Commercial Trust Company, termed the trustee, and the applicant shall enter into an agreement under date of February 1, 1922, creating the Illinois Central equipment trust, series H, under which the vendors, upon acquiring title to and possession of the equipment from the manufacturers, will convey

and deliver the same to the trustee in trust for the equal benefit of the holders of \$3,225,000 of certificates to be issued in accordance with the terms of the agreement.

Simultaneously with the execution of this agreement, the trustee and the applicant will enter into an agreement of lease, also to be dated February 1, 1922, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee (or, in the case of taxes, to the proper taxing authority) rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 80 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes initial payments in cash, as equipment is delivered to the applicant, equal to the difference between the cost to the vendors of such equipment and the principal amount of certificates issuable in respect thereof. Title to the equipment will remain in the trustee until all rent has been paid in conformity with the terms of the lease, whereupon such title will be conveyed to the applicant.

The proposed agreement provides that the trustee may issue the certificates, upon deposit with it, or to its credit, of cash equal to the principal amount thereof.

The applicant states that it proposes to sell the entire issue of certificates to Kuhn, Loeb & Company at $97\frac{1}{2}$ per cent of par. It will pay a sum equal to the discount on the certificates to the vendors, who will deposit the same and the proceeds of the certificates with the trustee.

The trustee will pay to the vendors on delivery of equipment approximately 80 per cent of the cost thereof out of money so deposited and the remainder of such cost out of the initial payments by the applicant.

Each certificate will entitle the bearer, or registered owner thereof, to an interest in the trust to the amount of \$1,000, and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of $5\frac{1}{2}$ per cent per annum from February 1, 1922, payable semiannually to and including the designated date of maturity. Certificates aggregating \$217,000 will mature on February 1 of each year from 1923 to 1937, inclusive. By the agreement the applicant will guarantee prompt payment of the principal of the certificates and of the dividends thereon, and it will indorse its guaranty to that effect upon each certificate.

We find that the proposed assumption by the applicant of obligation or liability, as guarantor and otherwise, in respect of equipment-trust certificates as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Illinois Central Railroad Company be, and it is hereby, authorized to assume obligation or liability in respect of \$3,225,000, principal amount, of certificates of the Illinois Central equipment trust, series H, for the purpose of acquiring possession and use of and, ultimately, title to, certain equipment described in the application, each certificate entitling the bearer or registered owner thereof to an interest in said trust and to semiannual dividends thereon at the rate of 5½ per cent per annum, (1) by entering into an agreement with Harry E. Richter and Andrew S. Hannum, as vendors, and the Commercial Trust Company, as trustee, which will create said trust and provide for the issue of said certificates with attached dividend warrants by said trustee, and thereby guaranteeing payment of the principal of said certificates and of the dividends thereon, when and as the same shall become due and payable; (2) by indorsing upon each of said certificates its guaranty of such payment of the principal thereof and of the dividends thereon; and (3) by entering into a lease of said equipment with said trustee, and thereby agreeing to pay rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application, and said certificates, warrants, and indorsements of guaranty to be substantially in the respective forms set forth in said agreement; said certificates, agreement, and lease to be dated February 1, 1922; and said certificates to be in denominations and to mature, and the dividends thereon to become due and payable, as specified in said agreement and outlined in said report: *Provided, however*, (a) That said certificates be sold or otherwise disposed of at such price, not less than 97½ per cent of

par and accrued dividends, that the total cost to the applicant of the sale or disposition thereof shall not exceed 5.96 per cent per annum; and (b) that none of said certificates shall be sold, pledged, repledged, or otherwise disposed of, nor shall any of their proceeds or any cash deposited with said trustee be used, except as herein authorized.

It is further ordered, That, within 10 days after the execution and delivery of said agreement and said lease, the applicant shall file with this commission verified copies thereof in the form in which they were executed.

It is further ordered, That within 30 days after June 30, 1922, and after the close of each period of six months thereafter, the applicant shall report to this commission all pertinent facts concerning the making of said deposits, the delivery of said equipment, the issue of said certificates, the sale thereof (showing certificates sold, date of sale, to whom sold, terms of sale, proceeds realized therefrom, and disposition made of such proceeds), the payment of the rentals prescribed by said lease and of the amount of the discount on said certificates, the account or accounts charged therewith, the amounts expended from said rentals and deposits, and the purpose of each such expenditure, said reports to be made periodically, as herein required, until all of said certificates shall have been retired, and each report to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said certificates, or dividends thereon, on the part of the United States.

SUPPLEMENTAL ORDER.

(March 3, 1922.)

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated February 24, 1922, be, and it is hereby, so modified as to authorize the Illinois Central Railroad Company to assume obligation or liability in respect of not exceeding \$3,255,000, principal amount, of certificates of the Illinois Central equipment trust, series H, instead of \$3,225,000, principal amount, of said certificates as set forth in said order,

It is further ordered, That, except as herein modified, said order of February 24, 1922, shall remain in full force and effect.

FINANCE DOCKET No. 2219.

IN THE MATTER OF THE APPLICATION OF THE GULF,
MOBILE & NORTHERN RAILROAD COMPANY FOR A
LOAN FROM THE UNITED STATES TO MEET MATUR-
ING INDEBTEDNESS AND TO PROVIDE ADDITIONS
AND BETTERMENTS.

Submitted February 7, 1922. Decided February 25, 1922.

Upon application and consideration thereof, loan of \$918,500 for 10 years
approved.

F. M. Hicks for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Gulf, Mobile & Northern Railroad Company, a carrier by
railroad subject to the interstate commerce act, hereinafter referred
to as the applicant, on February 7, 1922, made application to us
for a loan from the United States in accordance with section 210
of the transportation act, 1920, as amended, to aid it in meeting its
maturing indebtedness and in providing itself with additions and
betterments.

In the application the applicant sets forth:

- 1. That the amount of the loan desired is \$1,088,188.
- 2. That the term for which the loan is desired is 15 years.
- 3. That the purposes of the loan and the uses to which it will
be applied are as hereinbelow set forth:

Additions and betterments to existing freight-train cars-----	\$530, 000
Maturing indebtedness consisting of short-time notes held by banks at New York, Baltimore, Richmond, and Mobile, aggregating----	528, 000
Two new gasoline-motor cars for use on branch lines to take the place of steam passenger trains-----	30, 000
Additions and betterments to roadway and structures-----	390, 000
Total -----	1, 478, 000

4. Its present and prospective ability to repay the loan and to
meet its obligations in regard thereto.

5. That the security offered is \$2,177,000 of applicant's first-
mortgage 6 per cent series-A gold bonds.

6. That the extent to which the public convenience and necessity
will be served is that the loan will enable the applicant to discharge
its pressing short-time obligations and to make needed additions

and betterments to its property, thus enabling it properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making in part of the proposed loan by the United States, for the purposes and in the amounts hereinbelow set forth:

Purposes.	Estimated cost or principal amount.	Financed by applicant.	Loan by United States.
Additions and betterments to existing equipment (details as in application)	\$530,000	\$175,500	\$354,500
Short-time notes, as follows:			
United States Mortgage & Trust Co., New York, due by extension Apr. 1, 1922.	300,000	150,000	150,000
Mercantile Trust & Deposit Co., Baltimore, Md., due by extension Apr. 1, 1922.	55,000	27,500	27,500
Scott & Stringfellow, Richmond, Va., due by extension Apr. 1, 1922.	53,000	26,500	26,500
First National Bank, Mobile, Ala., due by extension Apr. 1, 1922.	60,000	30,000	30,000
Merchants Bank, Mobile, Ala., due by extension Feb. 17, 1922.	60,000	30,000	30,000
Additions and betterments to way and structures, as follows:			
Ballasting.....	100,000	.....	100,000
Tie plates.....	45,000	.....	45,000
Replacing heavier rail.....	120,000	90,000	30,000
Additional shop facilities and machinery.	50,000	.....	50,000
Improving port facilities and for dredging at Mobile, Ala.	40,000	.....	40,000
Purchase of dirt spreader.....	10,000	.....	10,000
Raising 7 miles of track.....	25,000	.....	25,000
Total.....	1,448,000	529,500	918,500

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of its ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

One of the conditions of the loan will be that the holders of the short-time notes included in the purposes of the loan shall extend 50 per cent of the face amount thereof for a period of not less than two years at an interest cost to the applicant of not to exceed 7½ per cent per annum.

An appropriate certificate will be issued.

Certificate No. 125 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$918,500 by the United States to the Gulf, Mobile & Northern Railroad Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, for the purposes of aiding the applicant in meeting its maturing indebtedness and in providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$918,500.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be secured by the pledge of the applicant's first-mortgage 30-year series-A 6 per cent gold bond in the principal amount of \$1,837,000, due 1950, issued under an indenture of mortgage, dated October 1, 1920, executed and delivered by the applicant to the United States Mortgage & Trust Company, as trustee. Said bond is in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared, and is numbered T-129.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or

of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 15th day of February, 1922, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; (2) the applicant shall furnish the commission on or about July 1, 1922, and January 1, 1923, a detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1923; and (3) the holders of the short-time notes included in the purposes of the loan shall extend the same to the extent of 50 per cent of their face amount for a period of not less than two years at an interest cost to the applicant of not to exceed $7\frac{1}{2}$ per cent per annum. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 25th day of February, 1922.

71 I. C. C.

FINANCE DOCKET No. 1788.

IN THE MATTER OF THE APPLICATION OF THE OSAGE
RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY.

Submitted February 23, 1922. Decided February 27, 1922.

1. Certificate issued authorizing the construction of a line of railroad in Osage County, Okla.
2. Permission to retain excess earnings granted.

O. E. Swan for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Osage Railway Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, on November 21, 1921, filed its application for a certificate under paragraph (18) of section 1 of the interstate commerce act, that the present and future public convenience and necessity require or will require the construction by the applicant of a line of railroad from a point at or near Foraker, Okla., in a southwesterly direction, extending into the Osage County oil field a distance of 10.44 miles, all in Osage County, Okla. Permission is sought under paragraph (18) of section 15a of the act to retain the excess earnings therefrom. The Corporation Commission of Oklahoma has recommended that this application be granted.

The Osage County oil field is a newly developed territory owned by the Osage Indians. It has been but recently that oil has been found there and applicant states that the territory has a great future. A map, the original of which is on file in the Interior Department and used as the official record of the United States Indian agency, submitted in support of the application, shows an oil field covering approximately 14 square miles surrounding the terminus of the proposed road, and that oil is being produced on more than half of this area, while drilling is proceeding on the remainder.

The only purpose of the proposed line will be to serve the oil industry. The applicant does not intend to carry passengers. The territory to be served is but little developed. It has no timber and almost no pasturage or cultivated land. Its population is small and there are no towns or villages within 10 miles of the proposed line,

excepting Foraker, which has 394 inhabitants and is located at the point where the proposed line makes connection with the Midland Valley Railroad. A station will be established at the end of the line. The general topography of the country is hilly and applicant states that the roads are bad.

The proposed line will be a standard-gauge steam railroad. Rail weighing about 60 to 65 pounds will be used. The alignment is good, with average curvature of 46° to a mile, and the grades, of which the maximum is 1.4 per cent eastbound and 1.5 per cent westbound, are compensated for curvature. The estimated cost, without equipment, is \$229,191, which appears to be reasonable. All equipment is to be rented.

The applicant proposes to finance the construction of the line by the issuance of certain securities, the sale of which has already been arranged, but no application for authority to issue them has been filed. It expects to lease a considerable amount of the material to be used. A detailed estimate of the traffic and revenue has been submitted by the applicant showing in the first year of operation gross revenues of \$172,800, with operating expenses amounting to \$64,000, and a net operating income of \$91,400. This is reduced for the subsequent years, the fifth year showing revenue \$115,000, operating expenses \$54,000, and a net operating income of \$46,300. The assumed rates on which these earnings are based are thought to be too high. It is probable that the net railway operating income will not exceed half of what applicant estimates.

In view of the development that may be expected in this oil field, the return should be sufficient to justify building the road. The development of any kind of industry except the oil industry in its various branches, is practically impossible, due to the character of the soil and other conditions, and it is not thought that the territory will become populated to any great extent for many years. The proposed line, however, will be the only outlet for a field which is actually producing oil and in which it is said over \$7,000,000 has been spent for leases, and it is only a fair presumption that several millions of dollars have been spent developing the territory.

Upon the facts presented we find that the present and future public convenience and necessity require the construction and operation of the proposed line. We further find that applicant should be permitted to retain for a period of not more than 10 years from the date the line is completed and placed in operation all of its earnings derived from the proposed new construction in excess of the amount otherwise provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same.

A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Osage Railway Company of a line of railroad in Osage County, Okla., as described in said report.

It is ordered, That said Osage Railway Company be, and it is hereby, authorized to construct and operate said line of railroad.

It is further ordered, That said Osage Railway Company be, and it is hereby, permitted to retain for a period of not more than 10 years, from the date on which the said line shall be placed in operation, but not extending beyond December 31, 1932, all or any part of its earnings in excess of the amount provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same: *Provided, however,* and this permission is granted upon the express condition, that the construction of said railroad shall be completed on or before December 31, 1922.

And it is further ordered, That said Osage Railway Company, when filing schedules establishing rates and fares to and from points on said line of railroad, shall in such schedules refer to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 2226.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted February 24, 1922. Decided February 27, 1922.

Upon application and consideration thereof, loan of \$2,758,000 for maturing indebtedness, consisting of the company's European loan of 1907, approved. Consideration of the remainder of the application deferred.

E. J. Pearson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The New York, New Haven & Hartford Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 10, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet its maturing indebtedness and to provide itself with additions and betterments.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$31,324,000.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

To pay off applicant's European loan debentures due April 1, 1922	\$26,258,000
To meet equipment-trust and other maturities	2,066,000
For additions and betterments	3,000,000
Total	31,324,000

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered for the loan is applicant's first and refunding mortgage bonds and other securities owned by the applicant in such amounts as we may require.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to preserve

its credit and to acquire needed additions and betterments, thus enabling it properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

The applicant's pressing necessity is represented by the maturity, April 1, 1922, of its European loan of 1907, to which we will give immediate consideration, and consideration of the remainder of the application will be deferred until we can determine the requirements of other carriers as expressed by applications filed with us prior to the expiration of the limitation fixed by the statute.

The issue under consideration was originally for 145,000,000 francs, equivalent to \$27,985,000, of which amount \$14,118,529 was converted early in the war period from franc to dollar debentures (\$529 being in the treasury of the applicant) which are now held in the United States. The remainder, \$13,464,162.50, is outstanding in franc debentures payable in Europe in various foreign currencies, at the option of the holder, of which pounds sterling is at present nearest parity.

There is, therefore, at present outstanding under this issue, \$27,582,162.50 in 4 per cent debentures maturing April 1, 1922. The difference between the amount of loan applied for and the total principal amount of the issue represents the amount of depreciation in sterling exchange on New York.

Owing to the dual method of payment and the fact that the holders of about one-half of the debentures reside abroad, the issue is somewhat complicated and more time is required by the applicant to discharge it than otherwise would be necessary.

As an alternative to a loan in the full amount required to pay off and discharge the entire issue, as aforesaid, the applicant sets forth that it has had under consideration with its bankers a tentative plan of refunding which involves the extension of the debentures for three years at an interest rate of 7 per cent. This plan, in the judgment of the applicant's bankers, will require a cash payment of approximately 10 per cent of the franc or sterling debentures outstanding and an extension of the remainder payable in the currency of the United States at par, and that it is improbable the dollar debentures held in this country can be extended upon any terms more favorable than those on which the franc debentures are extended.

After investigation and informal hearings we find that the making of a loan of \$2,758,000 by the United States for the purpose of making a cash payment of 10 per cent of the outstanding principal amount of the applicant's 4 per cent debentures of its European loan of 1907, due April 1, 1922, on specific condition and to the extent that the remaining principal amount of said debentures shall be extended for a period of not less than three years at an interest rate of not to exceed 7 per cent per annum, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

COMMISSIONER DANIELS dissents.

Certificate No. 127 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$2,758,000 by the United States to the New York, New Haven & Hartford Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$2,758,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in installments of no less amount than \$300,000 each, but only as and when and to the extent that the applicant files with the Secretary of the Treasury a certificate by the Sec-

Certificate No. 125 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$918,500 by the United States to the Gulf, Mobile & Northern Railroad Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the applicant, for the purposes of aiding the applicant in meeting its maturing indebtedness and in providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$918,500.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are—

(a) The loan shall be secured by the pledge of the applicant's first-mortgage 30-year series-A 6 per cent gold bond in the principal amount of \$1,837,000, due 1950, issued under an indenture of mortgage, dated October 1, 1920, executed and delivered by the applicant to the United States Mortgage & Trust Company, as trustee. Said bond is in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor and of authorized denominations, when prepared, and is numbered T-129.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or

of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 15th day of February, 1922, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; (2) the applicant shall furnish the commission on or about July 1, 1922, and January 1, 1923, a detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1923; and (3) the holders of the short-time notes included in the purposes of the loan shall extend the same to the extent of 50 per cent of their face amount for a period of not less than two years at an interest cost to the applicant of not to exceed $7\frac{1}{2}$ per cent per annum. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 25th day of February, 1922.

71 I. C. C.

pal amount thereof for a term of not less than three years at an interest rate of not more than 7 per cent. Monthly reports to the Interstate Commerce Commission shall be made by the applicant showing in detail the expenditures made from the proceeds of the loan and accretions thereto, if any. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 8th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 1589.

IN THE MATTER OF THE APPLICATION OF THE NORTHERN PACIFIC RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 3, 1922. Decided March 1, 1922.

Certificate issued authorizing the abandonment of a portion of a branch line of railroad in Bayfield County, Wis.

D. F. Lyons for applicant.

William F. Shea and *C. F. Morris* for protestants.

C. E. Schreiber for Railroad Commission of Wisconsin.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Northern Pacific Railway Company, a carrier by railroad subject to the interstate commerce act, on September 19, 1921, filed its application for a certificate that the present and future public convenience and necessity permit the abandonment of its branch line of railroad extending from Iron River to Washburn, all in the county of Bayfield, Wis., a distance of 33.78 miles. Objections were filed on behalf of residents of the territory served by the branch, by Bayfield County, and by the Railroad Commission of Wisconsin, the latter contending that paragraphs (18) to (20), inclusive, of section 1, of the interstate commerce act, are unconstitutional.

The branch line in question was constructed in 1897 by the Washburn, Bayfield & Iron River Railway Company, and in January, 1898, operation was begun. In December, 1898, a receiver was appointed, who operated the line up to December, 1901. In June, 1902, the applicant purchased the property at foreclosure sale for the sum of \$125,000, and since July, 1902, has operated it as a part of its own system. Construction of the line was aided by the county of Bayfield to the amount of \$185,000, the county receiving in exchange therefor the same amount of stock of the corporation that built the branch. Subsequent to its acquisition by the applicant, but as a part of the inducement for the purchase by it of the property, citizens of Washburn donated to the applicant

the further sum of \$7,500 for its use in acquiring terminals in that city.

The country traversed by the branch is, in the main, rough and unproductive, although at various points fertile soil occurs which is capable of raising good crops, especially grasses. Farther north and along the shore of Lake Superior, fruit raising has developed to some extent, but there appears to be no present development of that sort in the territory tributary to this line. Iron River, the western terminus of the branch, is a town of 793 inhabitants, according to the census of 1920, but is served by the main line of the applicant and by the Duluth, South Shore & Atlantic Railway. Washburn, the eastern terminus of the branch, has a municipal population of 3,707, according to the census of 1920, and the town of Washburn has an additional population of 454. Washburn is served by a branch line of the Chicago, St. Paul, Minneapolis & Omaha Railway, hereinafter called the Omaha. There are no other towns or communities on the line in question. In estimating the territory and population served, the applicant excludes the 8 miles nearest Iron River and the same area nearest Washburn, and concludes that the true area to be considered contains a population of less than 200.

The applicant offered evidence tending to show that at no time in its history has the branch, considered by itself, earned its operating expenses. Allocating revenues and expenses on a mileage prorate basis, it is shown that the deficits for each year from 1916 to the present time ranged from \$15,253.32 to \$36,062.57. Such a basis of allocation, however, is open to objection, if made use of as the sole test, where it appears that the mileage of the branch constitutes a very small proportion of the total system mileage. In such a case, the figures arrived at should be supplemented by a statement of the total volume of traffic handled over the branch, showing points of origin and destination, distances hauled, and the principal commodities handled. The applicant's statement of tonnage which moved over the branch during the five years ending December 31, 1920, shows that 4,976 tons were local to the branch, 37,179 tons were interchanged with applicant's main line, and 28,340 tons were interchanged with connecting carriers. The greater part of this traffic, however, moved to or from Washburn or Iron River, and could have moved over applicant's main line and that of the Omaha. The bulk of the tonnage originating on the branch consisted of lumber and lumber products, only a small amount of hay and live stock being shown. Passenger revenues for the same period were \$8,304.05. The passenger service is relatively unimportant to the public, since

it is obvious that the traffic from Iron River to Washburn could have been handled over the main line to Ashland and thence over the Omaha to Washburn. The service has for a considerable period consisted of one mixed train each way three times per week.

On behalf of the protestants it is contended that lumbering operations were brought to an end in this region at a comparatively recent date, and that farming has not yet had opportunity to develop. Much land has been cleared and crops of many kinds are now being raised, indicating that the territory is assured of a prosperous agricultural development. Statistics are presented showing the number of farms sold and the average price per acre of farm land in that part of Bayfield County. It is contended, further, that the applicant can not expect every part of its system to show a profit when considered by itself, and that the applicant is able and should be required to absorb the losses incurred on this line, which are unimportant when the showing made by its system as a whole is considered. From all of the facts submitted by protestants, it is apparent that the chief development along the branch has occurred on its western end, in territory which is readily accessible to the 9 miles of line between Iron River and the station known as Coda; and that the remainder of the branch, from Coda to Washburn, serves comparatively little useful purpose. Abandonment of the latter portion appears, therefore, to be justifiable, irrespective of results of operation on the applicant's system as a whole. As to the 9 miles immediately east of Iron River, however, the matter is not so clear. It may well be that sufficient traffic is available to justify retention for the time being of service between Coda and Iron River. We are not prepared to authorize the abandonment of the branch in its entirety at this time. Permission to abandon approximately 24 miles between Coda and Washburn, and no more, will necessarily result in requiring the applicant to continue service on the 9 miles between Coda and Iron River, the cost of which service, as estimated by the applicant, will be between \$7,000 and \$8,000 per year. The applicant will be able to keep accurate record of the traffic originating on this portion of the branch and of the revenues derived therefrom; and after the lapse of a reasonable experimental period it can be determined whether the public is making sufficient use of the branch to justify its further retention in service.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment by the applicant of that portion of the branch which lies east of the station of Coda. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Northern Pacific Railway Company of that portion of its branch line of railroad in Bayfield County, Wis., which extends from the station of Coda to the station of Washburn, a distance of about 24 miles, as set forth in said report.

It is ordered, That said Northern Pacific Railway Company be, and it is hereby, authorized to abandon that portion of said line of railroad.

It is further ordered, That said Northern Pacific Railway Company when filing schedules canceling tariffs applicable to said line of railroad to be abandoned shall in such schedules make specific reference to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 2185.

IN THE MATTER OF THE APPLICATION OF THE BIRMINGHAM & NORTHWESTERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted February 18, 1922. Decided March 1, 1922.

Application granted and loan of \$75,000 approved for the purpose of aiding the applicant in meeting the maturity of \$400,000 of its first-mortgage 6 per cent bonds, due March 1, 1922. -

F. M. Hicks for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Birmingham & Northwestern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 17, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid it in meeting its maturing indebtedness. On February 18, 1922, the applicant amended its application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$75,000.
2. That the term for which the loan is desired is five years.
3. That the purpose of the loan and the use to which it will be applied are to aid the applicant in meeting the maturity, March 1, 1922, of its first-mortgage 6 per cent gold bonds.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered for the loan is \$50,000 of applicant's first-mortgage 6 per cent bonds, due 1927, and \$125,000 of applicant's income-mortgage 4½ per cent bonds, due 1947.
6. That the extent to which the public convenience and necessity will be served is that the loan will aid the applicant in meeting its maturing indebtedness, thus preserving its credit and enabling it properly to meet the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making in whole of the proposed loan by the United States, for the purpose and in the amount hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public: that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States: and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 126 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$75,000 by the United States to the Birmingham & Northwestern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$75,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$50,000, principal amount, of applicant's first-mortgage 5-year 6 per cent gold bonds,

due 1927, issued under an indenture of mortgage dated March 1, 1917, executed and delivered by the applicant to the Chicago Savings Bank & Trust Company, and John C. Armstrong, of Chicago, as trustees. Said bonds are in definitive coupon form, having coupon due September 1, 1922, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered 401 to 450, inclusive.

(b) The loan shall be further secured by the pledge of \$125,000, principal amount, of applicant's income-mortgage 30-year $4\frac{1}{2}$ per cent bonds, due 1947, issued under an indenture of mortgage dated April 1, 1917, executed and delivered by the applicant to the Standard Trust & Savings Bank, and Horace W. Hawkins, of Chicago, as trustees. Said bonds are in definitive form, are in denomination of \$1,000, and are numbered 1 to 125, inclusive.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 13th day of February, 1922, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the

United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loans. In the event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 1st day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2233.

IN THE MATTER OF THE APPLICATION OF THE BIRMINGHAM & NORTHWESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted February 17, 1922. Decided March 1, 1922.

Authority granted to issue not exceeding \$400,000 of first-mortgage bonds for the purpose of refunding or retiring an equal amount of first-mortgage bonds maturing March 1, 1922.

R. F. Spragins for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Birmingham & Northwestern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act, to issue first-mortgage gold bonds in an aggregate amount of \$400,000, maturing March 1, 1927, for the purpose of retiring a like amount of first-mortgage bonds maturing March 1, 1922. No objection to the granting of the application has been presented to us.

The first mortgage dated March 1, 1917, was made by the applicant to the Chicago Savings Bank & Trust Company and John C. Armstrong, trustees, to secure a total issue of \$3,000,000 of bonds. It was provided that \$400,000 of the bonds should be issued immediately, and that the remainder might be issued in series and bear interest at rates not exceeding 6 per cent. The \$400,000 of bonds issuable immediately are now outstanding and will mature March 1, 1922. By section 3 of article second of the mortgage, bonds in the aggregate amount of \$450,000 are reserved for the purpose of providing for the payment and retirement of these bonds. The applicant proposes presently to issue under this section of the mortgage not exceeding \$400,000 of bonds, to be dated March 1, 1922, to bear interest at the rate of 6 per cent per annum, payable semiannually, and to mature March 1, 1927, and to exchange, so far as possible, bonds of the new issue, dollar for dollar, for maturing bonds. All bonds not presented for exchange on this basis will be redeemed by payment in cash.

The applicant represents that \$214,000 of the outstanding first-mortgage bonds are held by the Mercantile Union Trust Company of

Jackson, Tenn., a holding company, which also owns \$209,000 of its capital stock and all of its income bonds; and that of the remaining first-mortgage bonds all but approximately \$70,000 are in the hands of interests intimately connected with the applicant. It is expected that all bonds held by the trust company and other interests intimately connected with the applicant will be presented for exchange. To provide funds with which to retire bonds not presented for exchange application has been made for a loan from the United States under section 210 of the transportation act, in the amount of \$75,000.¹ As security for this loan the applicant will pledge \$50,000 of the new first-mortgage bonds and \$125,000 of 4½ per cent second-mortgage income bonds, which are now in the hands of the Mercantile Union Trust Company and will be loaned to the applicant for purposes of pledge.

We find that the proposed issue of first-mortgage 6 per cent gold bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Birmingham & Northwestern Railway Company be, and it is hereby, authorized to issue not exceeding \$400,000, principal amount, of first-mortgage bonds under and pursuant to, and to be secured by, the first mortgage dated March 1, 1917, made by the applicant to the Chicago Savings Bank & Trust Company and John C. Armstrong; said bonds to be dated March 1, 1922, to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1927; \$50,000 of said bonds to be pledged with the Secretary of the Treasury as part collateral security for a loan of \$75,000 to the applicant from the United States under section 210 of the transportation act, 1920, as amended, as specified in this commission's certificate No. 126, dated March 1, 1922, in Finance Docket

¹ See 71 I. C. C., 173.

No. 2185; and all, or any part, of said bonds to be exchanged, par for par, for first-mortgage 6 per cent gold bonds maturing March 1, 1922.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That on or before March 31, 1922, the applicant shall report to this commission all pertinent facts relating to the issue of said first-mortgage bonds maturing March 1, 1927, and to the retirement of said first-mortgage 6 per cent bonds which mature March 1, 1922; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first-mortgage bonds, or interest thereon, on the part of the United States.

71 I. C. C.

Jackson, Tenn., a holding company, which also owns \$209,000 of its capital stock and all of its income bonds; and that of the remaining first-mortgage bonds all but approximately \$70,000 are in the hands of interests intimately connected with the applicant. It is expected that all bonds held by the trust company and other interests intimately connected with the applicant will be presented for exchange. To provide funds with which to retire bonds not presented for exchange application has been made for a loan from the United States under section 210 of the transportation act, in the amount of \$75,000.¹ As security for this loan the applicant will pledge \$50,000 of the new first-mortgage bonds and \$125,000 of 4½ per cent second-mortgage income bonds, which are now in the hands of the Mercantile Union Trust Company and will be loaned to the applicant for purposes of pledge.

We find that the proposed issue of first-mortgage 6 per cent gold bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Birmingham & Northwestern Railway Company be, and it is hereby, authorized to issue not exceeding \$400,000, principal amount, of first-mortgage bonds under and pursuant to, and to be secured by, the first mortgage dated March 1, 1917, made by the applicant to the Chicago Savings Bank & Trust Company and John C. Armstrong; said bonds to be dated March 1, 1922, to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1927; \$50,000 of said bonds to be pledged with the Secretary of the Treasury as part collateral security for a loan of \$75,000 to the applicant from the United States under section 210 of the transportation act, 1920, as amended, as specified in this commission's certificate No. 126, dated March 1, 1922, in Finance Docket

¹ See 71 I. C. C., 173.

No. 2185; and all, or any part, of said bonds to be exchanged, par for par, for first-mortgage 6 per cent gold bonds maturing March 1, 1922.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That on or before March 31, 1922, the applicant shall report to this commission all pertinent facts relating to the issue of said first-mortgage bonds maturing March 1, 1927, and to the retirement of said first-mortgage 6 per cent bonds which mature March 1, 1922; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first-mortgage bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 1000.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted February 16, 1922. Decided March 2, 1922.

Upon application of the company and consideration thereof, certificate No. 49, dated December 15, 1920, 65 I. C. C., 376, further amended to provide that the Secretary of the Treasury as holder of the carrier's first and refunding bonds, shall exercise his rights, under the provisions of the mortgage indenture securing said bonds, in accordance with our direction.

E. G. Buckland for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On December 15, 1920, we issued our report and certificate No. 49, 65 I. C. C., 376, to the Secretary of the Treasury approving the making of a loan of \$9,630,000 by the United States to the New York, New Haven & Hartford Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling it to provide itself with equipment and other additions and betterments. On October 24, 1921, we issued our supplemental report and amendment to certificate No. 49 in this proceeding, 70 I. C. C., 543, effecting a reduction in the amount of the loan and a corresponding reduction in the security therefor.

Our certificate No. 49, as amended, provides that the security for the loan shall consist, in part, of the pledge of \$660,000 of the applicant's first and refunding mortgage 15-year series-B 6 per cent gold bonds, due October 31, 1935, issued under an indenture of mortgage dated December 9, 1920, executed and delivered by the applicant to the Bankers Trust Company of New York, as trustee.

On February 16, 1922, the applicant applied to us for a modification or amendment of our certificate No. 49 authorizing the Secretary of the Treasury, as holder of the aforesaid first and refunding mortgage bonds, to waive his rights under that portion of section 9, article 5, of the aforesaid mortgage, which reads as follows:

71 I. C. C.

Nor will the railroad company extend or suffer or permit to be extended, while any of the bonds issued under this indenture are outstanding, any of the pre-existing obligations secured hereby.

The applicant requests that such waiver be limited so as to apply only with reference to an extension of all or any part of the debentures issued under its European loan of 1907 due April 1, 1922.

After investigation, we find that certificate No. 49 should be further amended to provide that the Secretary of the Treasury as holder of the aforesaid first and refunding bonds shall exercise his rights under the provisions of the aforesaid first and refunding mortgage, in accordance with our direction.

Amendment to Certificate No. 49 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby further amends its certificate No. 49 of December 15, 1920, as amended October 24, 1921, to the Secretary of the Treasury, approving the making of a loan of \$9,530,000 by the United States to the New York, New Haven & Hartford Railroad Company by adding the following sentence as the concluding sentence of subparagraph 5 (a) subdivision (3) of said certificate No. 49, as amended: "The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission." So that the whole of said subparagraph 5 (a) subdivision (3) shall read as follows:

\$660,000, principal amount, of applicant's first and refunding mortgage 15-year series-B 6 per cent gold bond, due October 31, 1935, issued under an indenture of mortgage dated December 9, 1920, and executed by the applicant to the Bankers Trust Company of New York, as trustee. Said bond, which is in temporary form without coupons and numbered TB-1, is issued in lieu of and exchangeable for definitive coupon bonds of the same series and substantially identical in tenor, in the denomination of \$1,000 and numbered BM-1 to BM-660, inclusive. The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission.

Done at Washington, D. C., this 2d day of March, 1922.

Amendment to Certificate No. 49 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby further amends its certificate No. 49, dated December 15, 1920, as amended October 24,

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making in whole of the proposed loan by the United States, for the purpose and in the amount hereinabove set forth, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 126 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$75,000 by the United States to the Birmingham & Northwestern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$75,000.

4. That the time from the making thereof within which the loan is to be repaid in full is five years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$50,000, principal amount, of applicant's first-mortgage 5-year 6 per cent gold bonds,

due 1927, issued under an indenture of mortgage dated March 1, 1917, executed and delivered by the applicant to the Chicago Savings Bank & Trust Company, and John C. Armstrong, of Chicago, as trustees. Said bonds are in definitive coupon form, having coupon due September 1, 1922, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered 401 to 450, inclusive.

(b) The loan shall be further secured by the pledge of \$125,000, principal amount, of applicant's income-mortgage 30-year 4½ per cent bonds, due 1947, issued under an indenture of mortgage dated April 1, 1917, executed and delivered by the applicant to the Standard Trust & Savings Bank, and Horace W. Hawkins, of Chicago, as trustees. Said bonds are in definitive form, are in denomination of \$1,000, and are numbered 1 to 125, inclusive.

(c) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(d) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(e) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(f) The applicant has agreed in an instrument in writing, dated the 18th day of February, 1922, filed with the Interstate Commerce Commission, to the following conditions: The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the

United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loans. In the event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done in Washington, D. C., this 1st day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2233.

IN THE MATTER OF THE APPLICATION OF THE BIRMINGHAM & NORTHWESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted February 17, 1922. Decided March 1, 1922.

Authority granted to issue not exceeding \$400,000 of first-mortgage bonds for the purpose of refunding or retiring an equal amount of first-mortgage bonds maturing March 1, 1922.

R. F. Spragins for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Birmingham & Northwestern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act, to issue first-mortgage gold bonds in an aggregate amount of \$400,000, maturing March 1, 1927, for the purpose of retiring a like amount of first-mortgage bonds maturing March 1, 1922. No objection to the granting of the application has been presented to us.

The first mortgage dated March 1, 1917, was made by the applicant to the Chicago Savings Bank & Trust Company and John C. Armstrong, trustees, to secure a total issue of \$3,000,000 of bonds. It was provided that \$400,000 of the bonds should be issued immediately, and that the remainder might be issued in series and bear interest at rates not exceeding 6 per cent. The \$400,000 of bonds issuable immediately are now outstanding and will mature March 1, 1922. By section 3 of article second of the mortgage, bonds in the aggregate amount of \$450,000 are reserved for the purpose of providing for the payment and retirement of these bonds. The applicant proposes presently to issue under this section of the mortgage not exceeding \$400,000 of bonds, to be dated March 1, 1922, to bear interest at the rate of 6 per cent per annum, payable semiannually, and to mature March 1, 1927, and to exchange, so far as possible, bonds of the new issue, dollar for dollar, for maturing bonds. All bonds not presented for exchange on this basis will be redeemed by payment in cash.

The applicant represents that \$214,000 of the outstanding first-mortgage bonds are held by the Mercantile Union Trust Company of

Jackson, Tenn., a holding company, which also owns \$209,000 of its capital stock and all of its income bonds; and that of the remaining first-mortgage bonds all but approximately \$70,000 are in the hands of interests intimately connected with the applicant. It is expected that all bonds held by the trust company and other interests intimately connected with the applicant will be presented for exchange. To provide funds with which to retire bonds not presented for exchange application has been made for a loan from the United States under section 210 of the transportation act, in the amount of \$75,000.¹ As security for this loan the applicant will pledge \$50,000 of the new first-mortgage bonds and \$125,000 of 4½ per cent second-mortgage income bonds, which are now in the hands of the Mercantile Union Trust Company and will be loaned to the applicant for purposes of pledge.

We find that the proposed issue of first-mortgage 6 per cent gold bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Birmingham & Northwestern Railway Company be, and it is hereby, authorized to issue not exceeding \$400,000, principal amount, of first-mortgage bonds under and pursuant to, and to be secured by, the first mortgage dated March 1, 1917, made by the applicant to the Chicago Savings Bank & Trust Company and John C. Armstrong; said bonds to be dated March 1, 1922, to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1927; \$50,000 of said bonds to be pledged with the Secretary of the Treasury as part collateral security for a loan of \$75,000 to the applicant from the United States under section 210 of the transportation act, 1920, as amended, as specified in this commission's certificate No. 126, dated March 1, 1922, in Finance Docket

¹ See 71 I. C. C., 173.

No. 2185; and all, or any part, of said bonds to be exchanged, par for par, for first-mortgage 6 per cent gold bonds maturing March 1, 1922.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That on or before March 31, 1922, the applicant shall report to this commission all pertinent facts relating to the issue of said first-mortgage bonds maturing March 1, 1927, and to the retirement of said first-mortgage 6 per cent bonds which mature March 1, 1922; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said first-mortgage bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 1000.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted February 16, 1922. Decided March 2, 1922.

Upon application of the company and consideration thereof, certificate No. 49, dated December 15, 1920, 65 I. C. C., 376, further amended to provide that the Secretary of the Treasury as holder of the carrier's first and refunding bonds, shall exercise his rights, under the provisions of the mortgage indenture securing said bonds, in accordance with our direction.

E. G. Buckland for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On December 15, 1920, we issued our report and certificate No. 49, 65 I. C. C., 376, to the Secretary of the Treasury approving the making of a loan of \$9,630,000 by the United States to the New York, New Haven & Hartford Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling it to provide itself with equipment and other additions and betterments. On October 24, 1921, we issued our supplemental report and amendment to certificate No. 49 in this proceeding, 70 I. C. C., 543, effecting a reduction in the amount of the loan and a corresponding reduction in the security therefor.

Our certificate No. 49, as amended, provides that the security for the loan shall consist, in part, of the pledge of \$660,000 of the applicant's first and refunding mortgage 15-year series-B 6 per cent gold bonds, due October 31, 1935, issued under an indenture of mortgage dated December 9, 1920, executed and delivered by the applicant to the Bankers Trust Company of New York, as trustee.

On February 16, 1922, the applicant applied to us for a modification or amendment of our certificate No. 49 authorizing the Secretary of the Treasury, as holder of the aforesaid first and refunding mortgage bonds, to waive his rights under that portion of section 9, article 5, of the aforesaid mortgage, which reads as follows:

71 I. C. C.

Nor will the railroad company extend or suffer or permit to be extended, while any of the bonds issued under this indenture are outstanding, any of the pre-existing obligations secured hereby.

The applicant requests that such waiver be limited so as to apply only with reference to an extension of all or any part of the debentures issued under its European loan of 1907 due April 1, 1922.

After investigation, we find that certificate No. 49 should be further amended to provide that the Secretary of the Treasury as holder of the aforesaid first and refunding bonds shall exercise his rights under the provisions of the aforesaid first and refunding mortgage, in accordance with our direction.

Amendment to Certificate No. 49 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby further amends its certificate No. 49 of December 15, 1920, as amended October 24, 1921, to the Secretary of the Treasury, approving the making of a loan of \$9,530,000 by the United States to the New York, New Haven & Hartford Railroad Company by adding the following sentence as the concluding sentence of subparagraph 5 (a) subdivision (3) of said certificate No. 49, as amended: "The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission." So that the whole of said subparagraph 5 (a) subdivision (3) shall read as follows:

\$660,000, principal amount, of applicant's first and refunding mortgage 15-year series-B 6 per cent gold bond, due October 31, 1935, issued under an indenture of mortgage dated December 9, 1920, and executed by the applicant to the Bankers Trust Company of New York, as trustee. Said bond, which is in temporary form without coupons and numbered TB-1, is issued in lieu of and exchangeable for definitive coupon bonds of the same series and substantially identical in tenor, in the denomination of \$1,000 and numbered BM-1 to BM-660, inclusive. The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission.

Done at Washington, D. C., this 2d day of March, 1922.

Amendment to Certificate No. 49 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby further amends its certificate No. 49, dated December 15, 1920, as amended October 24,

1921, and March 2, 1922, to the Secretary of the Treasury approving the making of a loan of \$9,530,000 by the United States to the New York, New Haven & Hartford Railroad Company by adding the following sentence as the concluding sentence of subparagraph 5(b) of said certificate No. 49, as amended: "The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission," so that the whole of said subparagraph 5(b) shall read as follows:

The loan in respect of additions and betterments, \$8,130,000, shall be made in five installments, namely, one installment of \$5,330,000 and four installments of \$700,000 each; all of said installments shall mature 15 years from October 31, 1920. The loan shall be secured when and as the installments thereof are made, by the pledge of applicant's first and refunding mortgage 15-year series-B 6 per cent gold bonds, issued under an indenture of mortgage, dated December 9, 1920, and executed by the applicant to the Bankers Trust Company of New York, as trustee. Said bonds, which are in temporary form without coupons, are numbered, are in principal amounts, and may be pledged, as follows:

TB-2, \$6,273,000, to be pledged with first installment of loan, namely-----	\$5, 330, 000
TB-3, \$823,000, to be pledged with second installment of loan, namely-----	700. 000
TB-4, \$823,000, to be pledged with third installment of loan, namely-----	700, 000
TB-5, \$823,000, to be pledged with fourth installment of loan, namely-----	700, 000
TB-6, \$823,000, to be pledged with fifth installment of loan, namely-----	700, 000

Said temporary bonds are issued in lieu of and are to be exchanged for definitive bonds of the same series and substantially identical in tenor, in denomination of \$1,000, numbered, and for principal amounts, as follows:

BM-661 to BM-6933-----	\$6. 273,000, in exchange for TB-2
BM-6934 to BM-7756-----	823, 000, in exchange for TB-3
BM-7757 to BM-8579-----	823, 000, in exchange for TB-4
BM-8580 to BM-9402-----	823, 000, in exchange for TB-5
BM-9403 to BM-10225-----	823. 000, in exchange for TB-6

The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission.

Done at Washington, D. C., this 8th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 1504.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted February 16, 1922. Decided March 2, 1922.

Upon application of the company and consideration thereof, certificate No. 112, of August 29, 1921, 70 I. C. C., 399, amended to provide that the Secretary of the Treasury, as holder of the carrier's first and refunding bonds, shall exercise his rights under the provisions of the mortgage indenture securing said bonds, in accordance with our direction.

E. G. Buckland for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On August 29, 1921, we issued our report and certificate No. 112, 70 I. C. C., 399, to the Secretary of the Treasury approving the making of a loan of \$8,000,000 by the United States to the New York, New Haven & Hartford Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling it to meet its maturing indebtedness and to provide itself with additions and betterments.

On February 16, 1922, the applicant applied to us for a modification or amendment of our certificate No. 112 authorizing the Secretary of the Treasury, as holder of the aforesaid first and refunding mortgage bonds, to waive his rights under that portion of section 9, article 5, of the aforesaid mortgage, which reads as follows:

Nor will the railroad company extend or suffer or permit to be extended, while any of the bonds issued under this indenture are outstanding, any of the pre-existing obligations secured hereby.

The applicant requests that such waiver be limited so as to apply only with reference to an extension of all or any part of the debentures issued under its European loan of 1907 due April 1, 1922.

After investigation, we find that certificate No. 112 should be amended to provide that the Secretary of the Treasury, as holder of the aforesaid first and refunding bonds, shall exercise his rights

under the provisions of the aforesaid first and refunding mortgage in accordance with our direction.

Amendment to Certificate No. 112 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 112 of August 29, 1921, to the Secretary of the Treasury, approving the making of a loan of \$8,000,000 by the United States to the New York, New Haven & Hartford Railroad Company, by adding the following sentence as the concluding sentence of subparagraph 5(a), subdivision (1), of said certificate No. 112: "The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission," so that the whole of said subparagraph 5(a), subdivision (1), shall read as follows:

One part of the loan shall be in the amount of \$3,000,000, and shall be secured by the pledge of applicant's first and refunding mortgage 15-year series-B 6 per cent gold bond, due October 31, 1935, issued under an indenture of mortgage dated December 9, 1920, executed and delivered by the applicant to the Bankers Trust Company of New York as trustee. Said bond is numbered T-b-7, is of a principal amount of \$4,775,000, and is in temporary form, without coupons, exchangeable for definitive coupon bonds of the same series, in denomination of \$1,000, and numbered BM-10226 to BM-15000, inclusive. The Secretary of the Treasury as the holder of said bonds shall exercise his rights under the provisions of said indenture of mortgage, in accordance with the direction of the Interstate Commerce Commission.

Done at Washington, D. C., this 2d day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 378.

IN THE MATTER OF SETTLEMENT WITH THE CHICAGO JUNCTION RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted November 10, 1921. Decided March 4, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Chicago Junction Railway Company ascertained to be \$1,565,319.54. An aggregate amount of \$1,000,000 having been certified for payment to that company as advances under paragraph (h), and \$250,000 as partial payments under paragraph (g) of the section named, as amended by section 212, the amount to be certified in final settlement with said company is \$315,319.54. Certificate issued.

R. Fitzgerald for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Chicago Junction Railway Company, hereinafter termed the carrier, is a steam-railroad company, which during the guaranty period engaged as a common carrier in general transportation in the State of Illinois. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 4, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. Proper adjustments have been made for the differences in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period, we applied so far as practicable the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carrier. It has also been ascer-

tained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$1,565,319.54, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period.....	\$1, 127, 479. 05
(One-half amount of annual compensation under Federal control act named in contract.....	464, 941. 78
(One-half of increase in annual compensation under section 4 of the Federal control act.....	19, 493. 13
Total amount claimed.....	1, 611, 913. 96

Adjustments:

Amount claimed under section 4 of the Federal control act	\$19, 493. 13
Allowance under section 4 of the Federal control act	19, 466. 10
Deduction under section 4.....	27. 03
Amount claimed for maintenance of way and structures and for maintenance of equipment...\$631, 186. 39	
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	592, 505. 93
Deduction for maintenance.....	38, 080. 46
Amount of unaudited items included in claim under section 212 (b).....	\$16, 886. 93
Amount of unaudited items allowed carrier.....	9, 000. 00
Deduction for unaudited items.....	7, 886. 93
Total deductions.....	46, 594. 42

Amount necessary to make good the guaranty..... 1, 565, 319. 54

Certificates for advances under paragraph (h) and for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in amounts as follows:

Advances:

June 17, 1920.....	\$250, 000
July 13, 1920.....	250, 000
August 14, 1920.....	500, 000
Total advances	1, 000, 000

Partial payments:

March 23, 1921-----	\$200,000
September 14, 1921-----	50,000
Total partial payments-----	250,000

The amount still due the carrier is therefore \$315,319.54, for which an appropriate certificate will be issued.

Certificate No. A-612 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Chicago Junction Railway Company, a corporation of the State of Illinois, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$1,565,319.54 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$1,000,000 under three certificates, as follows:

June 17, 1920, certificate No. 54-----	\$250,000
July 13, 1920, certificate No. 91-----	250,000
August 14, 1920, certificate No. 152-----	500,000

and as partial payments under section 209(g), as amended by section 212, an aggregate amount of \$250,000 under two certificates, as follows:

March 23, 1921, certificate No. 361-----	\$200,000
September 14, 1921, certificate No. 605-----	50,000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the amount of advances heretofore certified under section 209(h) and of partial payments heretofore certified under section 209(g), as amended by section 212, is \$315,319.54.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 4th day of March, 1922.

FINANCE DOCKET No. 1205.

IN THE MATTER OF THE APPLICATION OF THE RARITAN RIVER RAILROAD COMPANY FOR AUTHORITY TO ISSUE NOTES.

Submitted January 24, 1922. Decided March 4, 1922.

Previous orders modified so as to authorize issue of \$100,000 of promissory notes within one year from and after March 28, 1922, and of a promissory note or notes in renewal thereof, bearing the same or a lower rate of interest and maturing not later than March 28, 1924. Terms and conditions otherwise unchanged. Former report 67 I. C. C., 260.

Edwin F. Smith for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

By a supplemental application duly filed in this proceeding on January 24, 1922, the Raritan River Railroad Company, a common carrier by railroad engaged in interstate commerce, has requested authority to issue, within one year from March 28, 1922, all or any part remaining unissued as of that date, of a proposed issue of \$100,000 of promissory notes, bearing interest at the rate of 6 per cent per annum, which were authorized under a previous order of this commission. No objection to the granting of the application has been presented to us.

By our order herein, dated March 11, 1921, 67 I. C. C., 260, 261, as modified by our order dated March 28, 1921, 67 I. C. C., 260, 262, we authorized the applicant to issue from time to time, within one year after the date of the modifying order, promissory notes in an aggregate face amount not exceeding \$100,000, bearing interest at the rate of 6 per cent per annum, for the purpose of paying obligations of the applicant as set forth in the original application.

The applicant represents that it has not been necessary to the date of the supplemental application to issue any part of these notes but that the financial condition of the applicant is such that it may become necessary to issue a part or all of such notes after March 28, 1922. It is proposed that the notes, if issued, will be payable within one year from date, bear interest at the same rate, and will be

71 I. C. C.

negotiated on the same terms and under the same conditions, and the proceeds thereof used for the same purposes, as proposed in the original application.

The proposed notes and all other outstanding notes of the applicant of a maturity of two years or less will together aggregate more than 5 per cent of the par value of the applicant's outstanding securities.

We find that the proposed issue by the applicant of promissory notes, in an aggregate face amount not exceeding \$100,000, and renewals thereof, (a) are for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SECOND SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the order of this commission dated March 11, 1921, as modified by supplemental order of March 28, 1921, be, and it is hereby, further modified so as to authorize the Raritan River Railroad Company (1) to issue, from time to time, as its needs may require, within one year from and after March 28, 1922, promissory notes in an aggregate face amount not exceeding \$100,000; said notes to be dated as of the date of issue, and to be payable not later than one year from date, with interest at a rate not exceeding 6 per cent per annum; and (2) to issue in renewal of such notes, from time to time, until otherwise ordered, a promissory note or notes with interest at the same or a lower rate: *Provided, however*, That the maturity of any renewal note or notes so issued shall not be later than March 28, 1924.

It is further ordered, That, except as herein modified, said order of March 11, 1921, as modified by the order of March 28, 1921, shall remain in full force and effect.

FINANCE DOCKET No. 1726.

IN THE MATTER OF THE APPLICATION OF THE UNION PACIFIC RAILROAD COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE RAILROAD OPERATED BY THE SARATOGA & ENCAMPMENT RAILROAD COMPANY.

Submitted February 11, 1922. Decided March 4, 1922.

Acquisition of control by the Union Pacific Railroad Company of the railroad operated by the Saratoga & Encampment Railroad Company, by an operating agreement, with an option to purchase said railroad, approved and authorized.

H. S. Scandrett for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Union Pacific Railroad Company, a carrier by railroad engaged in the transportation of passengers and property subject to the interstate commerce act, on November 12, 1921, filed its application pursuant to paragraph (2) of section 5 of that act, for authority to acquire control of the Saratoga & Encampment Railroad. The Public Service Commission of Wyoming has recommended that the application be granted.

The Saratoga & Encampment Railroad Company, hereinafter called the Encampment, operates a line of railroad extending from a connection with the main line of the applicant at Walcott, Wyo., in a southerly direction to the town of Encampment, Wyo., a distance of 44.77 miles. The Encampment has been engaged in interstate commerce for a number of years, the results of operation being insufficient to pay its expenses. The capital stock of the Encampment, as well as the first-mortgage bonds of its predecessor, are owned by the Morse Brothers Machinery & Supply Company, of Denver, Colo. In May, 1921, the Encampment filed with us an application for a certificate that public convenience and necessity permit the abandonment of the line. After a hearing on that application a conference of interested parties was held at which it was concluded that some arrangement should be entered into whereby the line might be kept in operation. Accordingly, a tentative contract was entered into

between the owner of the stock and bonds, hereinafter called the vendor, and the applicant, providing in substance that the applicant shall take over and operate the property for a period of three years from November 1, 1921, with an option to purchase the property at the end of that time at an agreed price of \$275,000. During the three-year period, the applicant is to pay all taxes accruing during its operation of the line and maintain the property in the manner in which it maintains its own branch lines, and if at the end of the three-year period it shall refuse to exercise its option, the applicant agrees to return the property in as good condition as when received, free and clear of any claim or liability incurred by reason of such operation. In the event of such refusal it will pay the vendor, at the expiration of the three-year period, simple interest upon the sum of \$275,000 at the rate of 5 per cent per annum. If the option be exercised at the end of the three-year period, the vendor agrees to perfect its title by the foreclosure of the mortgage and convey the property to the applicant. Any deficit accruing in the operation of the property during the three-year period is to be borne by the applicant and any net profit is to be divided equally between the applicant and the vendor, the word "profit" being used in the sense of net railway operating income as defined by the transportation act, 1920. The outstanding bonds of the par value of \$726,000 are, by the terms of the agreement, placed in the hands of the applicant for the purpose of securing performance by the vendor of its agreement, and the vendor also places in the hands of the applicant its irrevocable request upon the trustee named in the mortgage to proceed with the foreclosure.

From the record in the abandonment case, Finance Docket No. 1185, it appears that the original cost of the line was \$1,761,432.67. The line was constructed in 1907 and 1908, to afford transportation for the output of certain mines in the territory served. About the time the road was completed, the principal mining company was forced into a receivership and the control of the property was purchased by the present owners in 1919. After spending \$68,000 in the rehabilitation of the property, it was found that the revenues were insufficient to pay the operating expenses. The territory served has no other transportation facilities available and is a range country used principally for stock-raising purposes, but portions of it are capable of agricultural development, especially between Saratoga and Encampment, a distance of about 20 miles. Such development, however, is in a large measure dependent upon the maintenance of transportation facilities afforded by the line in question. The applicant will be able to bring about certain economies in operation, but is of the opinion that those savings will be offset by the higher wage scale which will be in effect under its

management. A considerable amount will have to be spent upon the property in order to put it into safe condition to operate with the applicant's heavier motive power. The showing which the applicant will be able to make during the three-year period will depend upon the development of the country so as to produce a larger volume of traffic. The transaction thus presents itself as somewhat of an experiment on the part of the applicant, but such experiment would appear to be justifiable in order to preserve the service at least for the present.

Upon the facts presented we find that the acquisition by the applicant of control of the railroad operated by the Encampment, under and pursuant to the tentative agreement outlined above, will be in the public interest. An appropriate order will be entered.

ORDER.

A hearing and investigation of the matters involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Union Pacific Railroad Company of control of the railroad operated by the Saratoga & Encampment Railroad Company, in the manner set forth in said application and report, be, and the same is hereby, approved and authorized.

71 L. C. C.

FINANCE DOCKET No. 1985.

IN THE MATTER OF THE APPLICATION OF THE ZWOLLE
& EASTERN RAILWAY COMPANY FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY AUTHOR-
IZING IT TO ABANDON ITS LINE OF RAILROAD.

Submitted February 28, 1922. Decided March 6, 1922.

Certificate issued authorizing the abandonment of a line of railroad in Sabine
Parish, La.

Moore & Moore for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Zwolle & Eastern Railway Company, a common carrier by railroad subject to the interstate commerce act, on December 12, 1921, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon its line of railroad in Sabine Parish, La. The Louisiana Public Service Commission states that it has no objection to the abandonment of this line.

The line of the applicant consists of two segments, one extending from Beck to a connection with the Kansas City Southern Railway at Zwolle, a distance of 0.5 mile, and the other extending from a connection with the Kansas City Southern Railway at a point 0.5 mile north of Converse, in a general westerly direction to Elliot, a distance of approximately 9.5 miles. Between Zwolle and the connection north of Converse, a distance of approximately 12 miles, the applicant operates over the Kansas City Southern Railway through trackage rights.

The applicant's line was built in 1904 primarily for the purpose of developing the timber resources in the territory served, and particularly for the purpose of serving the Sabine Lumber Company, located at Zwolle. A number of industries engaged in the production of forest products were established along the road. It is stated that the industries served by the line have closed and dismantled their plants owing to the exhaustion of the forests, that no traffic of any kind is being offered, and that there is no possibility of any being developed. There has been no passenger traffic on the road in the last five years. The only towns on the line are Zwolle, with a population of approx-

management. A considerable amount will have to be spent upon the property in order to put it into safe condition to operate with the applicant's heavier motive power. The showing which the applicant will be able to make during the three-year period will depend upon the development of the country so as to produce a larger volume of traffic. The transaction thus presents itself as somewhat of an experiment on the part of the applicant, but such experiment would appear to be justifiable in order to preserve the service at least for the present.

Upon the facts presented we find that the acquisition by the applicant of control of the railroad operated by the Encampment, under and pursuant to the tentative agreement outlined above, will be in the public interest. An appropriate order will be entered.

ORDER.

A hearing and investigation of the matters involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the Union Pacific Railroad Company of control of the railroad operated by the Saratoga & Encampment Railroad Company, in the manner set forth in said application and report, be, and the same is hereby, approved and authorized.

71 I. C. C.

FINANCE DOCKET No. 1985.

IN THE MATTER OF THE APPLICATION OF THE ZWOLLE
& EASTERN RAILWAY COMPANY FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND NECESSITY AUTHOR-
IZING IT TO ABANDON ITS LINE OF RAILROAD.

Submitted February 28, 1922. Decided March 6, 1922.

Certificate issued authorizing the abandonment of a line of railroad in Sabine
Parish, La.

Moore & Moore for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Zwolle & Eastern Railway Company, a common carrier by railroad subject to the interstate commerce act, on December 12, 1921, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon its line of railroad in Sabine Parish, La. The Louisiana Public Service Commission states that it has no objection to the abandonment of this line.

The line of the applicant consists of two segments, one extending from Beck to a connection with the Kansas City Southern Railway at Zwolle, a distance of 0.5 mile, and the other extending from a connection with the Kansas City Southern Railway at a point 0.5 mile north of Converse, in a general westerly direction to Elliot, a distance of approximately 9.5 miles. Between Zwolle and the connection north of Converse, a distance of approximately 12 miles, the applicant operates over the Kansas City Southern Railway through trackage rights.

The applicant's line was built in 1904 primarily for the purpose of developing the timber resources in the territory served, and particularly for the purpose of serving the Sabine Lumber Company, located at Zwolle. A number of industries engaged in the production of forest products were established along the road. It is stated that the industries served by the line have closed and dismantled their plants owing to the exhaustion of the forests, that no traffic of any kind is being offered, and that there is no possibility of any being developed. There has been no passenger traffic on the road in the last five years. The only towns on the line are Zwolle, with a population of approx-

imately 900, and Converse, with a population of approximately 400. Both of these towns are served by the Kansas City Southern Railway. There are few settlers in the tributary territory and these are also served by the Kansas City Southern Railway. Affidavits signed by 10 residents of Sabine Parish have been filed with us stating, in effect, that no community, firm, or individual will suffer any damage or inconvenience by reason of the abandonment of the line. Applicant states that there are no bonds, notes, or other indebtedness that will be affected by the abandonment.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the line of railroad in question.

A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Zwolle & Eastern Railway Company of its line of railroad extending from Beck to Zwolle and from a point 0.5 mile north of Converse to Elliot, in Sabine Parish, La., described in said application and report.

It is ordered, That the Zwolle & Eastern Railway Company be, and it is hereby, authorized to abandon said line of railroad.

It is further ordered, That the Zwolle & Eastern Railway Company, when filing schedules canceling tariffs applicable to said line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 2182.

IN THE MATTER OF THE APPLICATION OF THE DODGE CITY & CIMARRON VALLEY RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted February 28, 1922. Decided March 6, 1922.

1. Certificate issued authorizing the construction of a line of railroad in Haskell, Grant, and Stanton Counties, Kans.
2. Permission to retain excess earnings granted.

Lee F. English for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Dodge City & Cimarron Valley Railway Company, a corporation organized for the purpose of engaging in interstate commerce by railroad, on January 16, 1922, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to construct an extension to its line. Permission is also requested, under paragraph (18) of section 15a, to retain the excess earnings of the line to be constructed. The Kansas Public Utilities Commission states that the building of this line will be of assistance in developing the territory traversed. Communications have been received from the Governor and other public officials of Kansas and from the Dodge City Chamber of Commerce recommending that the application be granted.

The applicant owns a line of railroad extending from Dodge City, Kans., in a general southwesterly direction to Elkhart, Kans., a distance of 120 miles, which railroad is leased to and operated by the Atchison, Topeka & Santa Fe Railway Company, hereinafter called the Santa Fe. The Santa Fe owns all of applicant's capital stock, except directors' qualifying shares, and advanced the funds for the construction of its railroad. Applicant now proposes to construct an extension, from a point of connection with its existing railroad at or near Satanta, in a general northwesterly and westerly direction through Haskell, Grant, and Stanton Counties, a distance of approximately 55 miles, all in the State of Kansas.

The proposed line was located in July, 1917, and contracts were entered into with committees of citizens of the three counties, by the terms of which the committees agreed to furnish to the applicant the necessary lands for right of way and station grounds, free of cost, and applicant agreed to construct the line and put it in operation within two years after the delivery to it of the complete right of way and station grounds. The work of obtaining the right of way and making surveys proceeded until March 1, 1918, when all proceedings relative to the construction of the proposed line were suspended by the United States Railroad Administration. At that time about 70 per cent of the right of way had been secured, but no construction work had been done. Supplemental agreements have been made with the citizens' committees extending the time within which the railroad must be completed. There are no other gifts, aids, or grants made or promised.

The proposed extension is planned to develop a large territory which lies between the main lines of the Santa Fe and the applicant in the southwestern part of Kansas, and includes a small adjacent area in Colorado, which territory is not served by any other railroad. These lines are from 40 to 70 miles apart and this extension would divide somewhat evenly the country lying between them. It is a semiarid region without timber or minerals. Applicant states that it is a dry-farming country whose development has been retarded by the lack of transportation facilities. The topography of the country lying north and south of the proposed extension enhances the difficulty of making the long hauls now necessary to reach existing lines. The territory in Baca County, Colo., would probably be served by the extension entirely on a basis of distances, on the assumption that its inhabitants would come to the new line from points as close or closer to it than to existing lines. The total area to be served is estimated by the applicant to be 2,448 square miles, equal to 45 square miles per mile of line, of which 6.8 per cent is in cultivation and 93.2 per cent is pasture land. The products are wheat, coarse grains, and live stock. Applicant states that there is no section of the State better suited to the growing of coarse grains. Figures taken from the United States census reports show that the value of all crops raised in Haskell, Grant, and Stanton Counties in 1920 was \$1,408,204 and that the value of all farm property was \$9,360,958. The population to be served is estimated by the applicant to be 2,956. It is proposed to establish stations at Satanta, Ulysses, Johnson, and Terminus. Ulysses and Johnson are county seats.

The location of the line appears to be well suited to the purposes of the road. There is but little curvature and the maximum grade

is 1 per cent. It is proposed to lay the track with 85-pound re-lay rail.

The estimated cost of construction is \$1,400,000. No equipment is to be provided, as it is applicant's intention to lease the line to the Santa Fe, which will operate it with its own equipment. The necessary funds for construction are to be borrowed from the Santa Fe and applicant states that the funds are now available. No securities are to be issued at present, but authority will hereafter be requested to issue bonds or certificates of indebtedness to the Santa Fe for the funds advanced.

Gross revenues accruing to the extension are estimated by the applicant at \$51,500 for the first year, increasing to \$184,500 for the fifth year. Gross revenues accruing to the Santa Fe system from traffic originating on and destined to points on the extension, including the revenues from the extension, are estimated at \$239,125 for the first year, rising to \$840,500 for the fifth year. Applicant estimates that the net income from the extension will show a deficit of \$65,733.27 for the first year, increasing to an income of \$53,888.66 for the fifth year, while the net income to the Santa Fe system, including the net income from the extension, will rise from a deficit of \$18,827.02 for the first year to an income of \$217,888.66 for the fifth year. It is stated that 70 per cent of the business of the extension will consist of traffic created by its construction. Applicant estimates that the average haul on the extension will be 40 miles and on the Santa Fe system approximately 500 miles.

The conclusion appears to be warranted that the proposed extension would develop sufficient traffic to justify its construction and that the public interest would be served by giving rail transportation to a large region, remote from existing lines, whose agricultural possibilities can not well be developed without it.

Upon the facts presented we find that the present and future public convenience and necessity require the construction by the applicant of the extension of the line of railroad, approximately 55 miles in length, in Haskell, Grant, and Stanton Counties, Kans., described in the application, and we further find that the applicant should be permitted to retain for a period not to exceed 10 years from the date the extension is completed and put in operation, but not later than December 31, 1932, all of its earnings derived from such new construction in excess of the amount provided in section 15a of the interstate commerce act for such disposition as it may lawfully make, conditioned, however, upon the completion of the work of construction on or before December 31, 1922. A certificate and order to that effect will be entered accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction by the Dodge City & Cimarron Valley Railway Company of an extension to its line of railroad in Haskell, Grant, and Stanton Counties, Kans., described in the application and report aforesaid.

It is ordered, That the Dodge City & Cimarron Valley Railway Company be, and it is hereby, authorized to construct said extension.

It is further ordered, That the Dodge City & Cimarron Valley Railway Company be, and it is hereby, permitted to retain for a period not to exceed 10 years from the date the said extension is completed and placed in operation, but not later than December 31, 1932, all of its earnings in excess of the amount provided in section 15a of the interstate commerce act for such disposition as it may lawfully make of the same: *Provided, however,* and this permission is granted upon the express condition, that the construction of said extension shall be completed on or before December 31, 1922: *And provided further,* That the applicant's accounts shall be kept in such manner that the earnings derived from such extension can be segregated from those of applicant's other line or lines.

And it is further ordered, That said Dodge City & Cimarron Valley Railway Company, when filing schedules establishing rates and fares to and from points on said extension, shall in such schedules refer to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 2194.

IN THE MATTER OF THE APPLICATION OF THE DETROIT, TOLEDO & IRONTON RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted January 23, 1922. Decided March 6, 1922.

Authority granted to issue \$451,000 of first-mortgage 50-year 5 per cent gold bonds; said bonds to be sold for cash at not less than par, and the proceeds to be used in reimbursement of expenditures made for additions and betterments.

Clifford B. Longly for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Detroit, Toledo & Ironton Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$451,000 of its first-mortgage 50-year 5 per cent gold bonds for the purpose of reimbursing its treasury for expenditures made therefrom for additions and betterments. No objection has been made to the granting of the application.

The first mortgage dated March 5, 1914, made by the applicant to the New York Trust Company, authorizes \$1,000,000 of bonds to be issued in respect of additions and betterments made to the applicant's line of railroad. It appears that between July 1, 1920, and July 1, 1921, the applicant expended \$451,222.90 for purposes prescribed by sections 2 and 3 of article 1 of the mortgage. It is proposed that the bonds, for the issue of which authority is sought, be disposed of at par to principal holders of the applicant's stock and outstanding bonds. The proposed bonds will bear interest at the rate of 5 per cent per annum and will mature March 1, 1964.

We find that the proposed issue of bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Detroit, Toledo & Ironton Railroad Company be, and it is hereby, authorized to issue not exceeding \$451,000, principal amount, of general-mortgage 50-year 5 per cent gold bonds, under and pursuant to, and to be secured by, its general mortgage dated March 5, 1914, to the New York Trust Company; said bonds to bear interest at the rate of 5 per cent per annum payable semi-annually on April 1 and October 1 in each year, and to mature March 1, 1964; said bonds to be sold for cash at not less than par, the proceeds to be used solely to reimburse the applicant for expenditures made from its treasury for additions and betterments.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, replugged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall report to this commission within 10 days thereafter all pertinent facts relating to the issue of said bonds, such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 24.

IN THE MATTER OF THE APPLICATION OF THE DETROIT & IRLINGTON RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

FINANCE DOCKET No. 23.

IN THE MATTER OF THE APPLICATION OF THE DETROIT & IRLINGTON RAILROAD COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK AND TO ASSUME LIABILITY FOR SECURITIES.

Submitted June 7, 1921. Decided March 7, 1922.

Proceedings relating to application of the Detroit & Irlington Railroad Company for authority to acquire control of the Detroit, Toledo & Irlington Railroad, by lease, and for authority to assume as such lessee obligations and liabilities in respect of certain securities of the lessor, dismissed. Previous reports, 67 I. C. C., 600 and 731.

Alfred Lucking and William Lucking for applicant.

Frank, Weil & Strouse for certain minority stockholders of the Detroit, Toledo & Irlington Railroad Company.

Sheridan F. Masters and Clare Retan for the State of Michigan and the Michigan Public Utilities Commission.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The applications in these cases, filed by the Detroit & Irlington Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, cover five distinct matters. The first application, as above entitled, covers the construction of a line of railroad in Wayne County, Mich., the retention of excess earnings therefrom, and the approval, under paragraph (2) of section 5 of the act, of the acquisition by the applicant of control of the properties of the Detroit, Toledo & Irlington Railroad Company, hereinafter termed the Irlington, by lease. The first two petitions were passed upon in our decision of May 13, 1921, 67 I. C. C., 600, wherein all matters pertaining to the proposed lease were reserved for further considera-

tion. The second application, filed under section 20a of the act, seeks authority to issue \$1,000,000 of capital stock and to assume obligations and liabilities in respect of certain securities of the Iron-ton, according to the provisions of the proposed lease. On June 10, 1921, 67 I. C. C., 731, we issued an order authorizing the issuance of capital stock as requested. The portion of the application which relates to the assumption of obligations was reserved for future consideration. Thereafter the applicant requested that these matters be held in abeyance, and accordingly no action has been taken. It does not appear that the applicant desires to press the matter to a conclusion at this time, and in order to close the record both applications, so far as they relate to matters not passed upon by our orders of May 13, 1921, and June 10, 1921, will be dismissed. An appropriate order will be entered.

SUPPLEMENTAL ORDER.

A hearing in these proceedings and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That these proceedings, so far as they relate to matters not covered by the report and order of said division entered May 13, 1921, or by its report and order of June 10, 1921, be, and the same are hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 272.

IN THE MATTER OF SETTLEMENT WITH THE
APALACHICOLA NORTHERN RAILROAD COMPANY
UNDER SECTION 209 OF THE TRANSPORTATION ACT,
1920.

Submitted August 26, 1921. Decided March 7, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Apalachicola Northern Railroad Company ascertained to be \$20,802.29. An amount of \$6,000 having been certified as a partial payment to said company under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$14,802.29. Certificate issued.

B. W. Eells for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Apalachicola Northern Railroad Company, hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation in the State of Florida. Its line of railroad connects with the Seaboard Air Line Railway at River Junction, Fla., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. Proper adjustments have been made for the difference in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carriers

under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$20,802.29, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period-----	\$33,868.44
One-half amount of annual net railway operating income of the test period-----	9,068.89
Total amount claimed-----	<u>42,937.33</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment-----	\$105,729.68
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	85,640.27
Deduction for maintenance-----	20,089.41
Disproportionate charges to be deducted-----	2,060.63
Net deductions-----	<u>22,150.04</u>

Amount necessary to make good the guaranty-----	20,802.29
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A certificate for partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$6,000, has been issued by us in favor of the carrier under date of April 11, 1921.

The amount still due the carrier is, therefore, \$14,802.29, for which an appropriate certificate will be issued.

Certificate No. A-615 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Apalachicola Northern Railroad Company, a corporation of the State of Florida, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920, and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$20,802.29 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as a partial payment to said carrier under section 209 (g), as amended by section 212, an amount of \$6,000 under certificate No. 400, dated April 11, 1921.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the partial payment heretofore certified under section 209 (g), as amended by section 212, is \$14,802.29.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 7th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 601.

IN THE MATTER OF SETTLEMENT WITH THE LUFKIN,
HEMPHILL & GULF RAILWAY COMPANY UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 8, 1921. Decided March 7, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Lufkin, Hemphill & Gulf Railway Company ascertained to be \$10,851.76. Certificate issued.

J. W. McCullough for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lufkin, Hemphill & Gulf Railway Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Texas. Its line of railroad connects with that of the Gulf, Colorado & Santa Fe Railway Company at Bronson, Tex., which latter company was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 15, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental statements supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carrier. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income for the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable

charges, or charges attributable to another period, under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$10,851.76, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period.....	\$5, 025. 59
One-half amount of annual railway operating income of the test period.....	5, 507. 63
Total amount claimed.....	<u>10, 533. 22</u>

Adjustments:

Amount claimed as one-half the annual railway operating income, test period.....	\$5, 507. 63
One-half annual railway operating income, test period, as corrected by us.....	6, 188. 01
Addition for test-period income.....	680. 38
Net railway operating deficit for guaranty period as claimed	\$5, 025. 59
Net railway operating deficit for guaranty period as determined by us.....	15, 132. 78
Addition for net deficit.....	<u>10, 107. 19</u>
Total additions.....	10, 787. 57
Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$21, 153. 36
Amount allowed for maintenance of way and structures and maintenance of equipment.....	10, 684. 33
Deduction for maintenance.....	<u>10, 469. 03</u>
Net addition.....	<u>318. 54</u>

Amount necessary to make good the guaranty..... 10, 851.76

No certificates have been issued in favor of this carrier under section 209(h) or section 209(g), as amended by section 212. The amount due the carrier is, therefore, \$10,851.76, for which an appropriate certificate will be issued.

Certificate No. A-613 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Lufkin, Hemphill & Gulf Railway Company, a corporation of the State of Texas, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$10,851.76 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 7th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 766.

IN THE MATTER OF SETTLEMENT WITH THE RARITAN RIVER RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 17, 1922. Decided March 7, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Raritan River Railroad Company ascertained to be \$104,305.19. An aggregate amount of \$80,000 having been certified as partial payments to said company under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$24,305.19. Certificate issued.

Wm. G. Bumsted for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Raritan River Railroad Company, hereinafter termed the carrier, is a steam-railroad company which has heretofore engaged as a common carrier in general transportation in the State of New Jersey. Its line of railroad connects with the Pennsylvania Railroad at New Brunswick, N. J., which latter road was under Federal control at the termination thereof, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 11, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental statements supplied by it have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included and that there are included no debits or credits arising from the operation of street electric passenger railways or inter-urbans not under Federal control at the termination thereof. Proper adjustments have been made for the difference in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under

Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. Certain lap-over items claimed to be applicable to the guaranty period which were audited subsequent thereto, have been excluded and lap-over items audited during the guaranty period excluded by the carrier have been reinstated in the accounts. As a result of our investigation it is ascertained that the amount necessary to make good the guaranty to the carrier is \$104,305.19, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$44, 527. 86
One-half amount of annual net railway operating income for test period	80, 128. 35
Six months' interest at 6 per cent per annum on added invest- ment.....	21, 058. 09
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Total amount claimed.....	145, 711. 30
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Adjustments:

Standard return for six months, as claimed by carrier.....	\$80, 128. 35
Standard return for six months, as certified by the commission.....	79, 888. 75
Deduction for standard return.....	239. 60
Amount claimed for interest on added investment..	\$21, 058. 09
Amount allowed for interest on added investment..	None.
Deduction for interest.....	21, 058. 09
Disproportionate charges to be deducted:	
Fuel.....	\$33, 610. 08
Taxes.....	4, 000. 00
Total.....	37, 610. 08
Net railway operating deficit for guaranty period, as claimed	\$44, 527. 86
Net railway operating deficit for guaranty period, as adjusted to exclude lap-overs and to reinstate items audited in guaranty period, erroneously eliminated.....	62, 026. 52
Addition	17, 498. 66
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Net deduction	41, 409. 11
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Amount necessary to make good the guaranty.....	104, 305. 19
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Certificates for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts specified as follows: On March

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10, 1921, \$60,000; on June 20, 1921, \$20,000; total partial payments certified, \$80,000. The amount still due the carrier is therefore \$24,305.19, for which an appropriate certificate will be issued.

Certificate No. A-614 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Raritan River Railroad Company, a corporation of the State of New Jersey, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$104,305.19 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as partial payments to said carrier under section 209 (g), as amended by section 212, an aggregate amount of \$80,000 under two certificates, as follows: March 10, 1921, certificate No. 344, \$60,000; and June 20, 1921, certificate No. 523, \$20,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the amount of partial payments heretofore certified under section 209 (g), as amended by section 212, is \$24,305.19.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 7th day of March, 1922.

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FINANCE DOCKET No. 954.

IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND TO MEET MATURITIES.

Submitted December 9, 1921. Decided March 7, 1922.

Upon supplemental application and consideration thereof, authority granted to apply specified amounts to projects not originally included in the purposes of the loan. Certificate No. 37 of October 22, 1920, 65 I. C. C., 319, so amended as to provide that the time within which the applicant shall expend or definitely obligate certain portions of the loan be extended from January 1, 1922, to July 1, 1922.

George F. Brownell for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On October 22, 1920, we issued our report and certificate No. 37 to the Secretary of the Treasury, 65 I. C. C., 317, approving the making of a loan of \$1,840,700 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, for the purpose of aiding it to provide itself with additions and betterments as more fully set forth in said report. One of the conditions of the loan was that the proceeds thereof should be expended or definitely obligated for the purposes for which loaned on or before January 1, 1922, and that progress reports of such expenditures should be made to us July 1, 1921, and January 1, 1922.

On December 9, 1921, the applicant filed with us a supplemental application in letter form, requesting authority to apply specified amounts to specified projects not originally included in the purposes of the loan in lieu of expenditures desired to be curtailed, abandoned, or deferred. Applicant also requested that the time within which it should expend or definitely obligate that part of the loan dedicated to second track at Akron, Ohio, and extending erecting shop at Susquehanna, Pa., be extended from January 1 to July 1, 1922.

On January 19, 1922, applicant filed a further supplemental application requesting that the extended time, as aforesaid, be made applicable also to the rebuilding of south side shops at Jersey City, N. J., and Pier C at Weehawken, N. J.

On February 24, 1922, the applicant filed a further supplemental application requesting authority to divert the expenditure for ex-

tending its erecting shops at Susquehanna, Pa., to extending its erecting shops at Hornell, N. Y.

The applicant represents that on account of the destruction by fire of four of its piers at Weehawken, and of its engine house at Jersey City, the rebuilding of a new pier and the engine house are much more urgent than some of the operations contemplated when the loan was made; that the amounts required for other operations are in some cases more and in others less than the plans originally provided for, that the double track at Akron, Ohio, will require further time, and that work on the erecting shop at Susquehanna can profitably be delayed a few months. The applicant further represents that the fires requiring the rebuilding of facilities as aforesaid were of recent origin, and it has not been practicable to obligate itself for all the expenditures on these two projects prior to January 1, 1922.

The applicant also represents that the desired change of location of its erecting shops will enable it to carry out its plan of enlargements of its shops, resulting in greater economies and a larger output of locomotives receiving classified repairs.

After investigation we find that the required authority and the extension of time as hereinabove indicated should be granted.

We further find that the expenditure of the amounts respectively specified for the following purposes, for which the applicant now desires authority to use the proceeds of the loan in amounts as indicated, and which will be the basis of future reports of progress by the applicant, are necessary to enable the applicant properly to meet the transportation needs of the public.

Location.	Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Akron, Ohio.....	Second track.....	\$154,637.00	\$42,322.00	\$112,315.00
Warren, Ohio.....	New main track to provide switching facilities and car-storage yard.	101,408.00	13,589.00	87,819.00
Salamanca, N. Y.....	Engine standing track facilities.....	5,152.00	3,973.00	1,179.00
Do.....	Additional yard tracks.....	52,192.00	7,833.00	44,359.00
Meadville, Pa.....	Additional track westbound yard for Franklin branch cars.	4,617.00	395.00	4,222.00
Kent, Ohio.....	Rearrangement and extension of out-bound-engine track.	7,522.00	4,410.00	3,112.00
Susquehanna, Pa....	New turntable and rearrangement of track.	41,762.89	12,977.71	28,785.18
Girard, Ohio.....	Crossover and yard offices.....	5,935.00	534.00	5,401.00
Hornell, N. Y.....	Repair tracks.....	3,845.00	286.00	3,560.00
Avoca, Pa.....	Radial tracks at turntable.....	4,350.00	458.00	3,901.00
Port Jervis, N. Y....	Connecting stub-end track with outgoing engine track.	2,453.00	529.00	1,924.00
Meadville, Pa.....	Installing No. 10 crossovers to coal pockets.	1,244.68	228.48	1,016.20
Penhorn, N. J.....	Electric lights in car-repair shops and yards.	1,000.00	.....	1,000.00
Shenango, Pa.....	Extension of track for crippled cars....	1,520.00	161.00	1,359.00
Hammond, Ind.....	Track changes at east end of yard.....	6,761.00	3,613.00	3,148.00
Various points.....	Shop machinery and tools.....	360,613.81	52,611.01	308,002.80
New York, N. Y.....	25-ton Gantry crane at 28th Street.....	7,029.00	2,105.00	4,924.00
Secaucus, N. J.....	Air-brake testing facilities.....	1,352.95	.....	1,352.95
Sharpsville, Pa.....	Rearrangement of tracks.....	15,667.00	8,568.00	7,099.00
Hornell, N. Y.....	Extending erecting shop.....	488,367.00	62,817.00	425,550.00
Port Jervis, N. Y....	Turbo-generator and electric magnet....	1,483.44	.....	1,483.44

Location.	Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
System.....	Stock pens.....	\$25,044.00	\$2,637.00	\$22,407.00
Do.....	C-2078 cabooses to be constructed.....	214,150.00	160,625.00	53,525.00
Do.....	C-2813 and C-2668 additional cost of providing and repairing trucks used under 2,000 reconstructed freight cars.	4,822,200.89	4,572,700.89	249,500.00
Do.....	C-1984 electric headlights.....	34,512.31	8,954.26	25,558.05
Do.....	I-4053 safety appliances.....	40,110.48	17,510.48	22,600.00
Do.....	Reconstruction of 99 refrigerator cars..	162,703.00	122,028.00	40,675.00
Jersey City, N. J.....	Rebuilding south side shops.....	271,700.00	60,000.00	211,700.00
Weehawken, N. J.....	Rebuilding Pier C.....	757,800.00	594,680.62	163,119.38
Do.....	Miscellaneous additions and betterments.	103.00	.....	103.00
	Total.....	7,597,246.45	5,756,546.45	1,840,700.00

Our certificate of October 22, 1920, will be amended accordingly.

Amendment to Certificate No. 37 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 37 of October 22, 1920, to the Secretary of the Treasury, approving the making of a loan of \$1,840,700 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, by changing subparagraph 5(d) to read as follows:

(d) The applicant has agreed in an instrument in writing dated October 15, 1920, supplemented February 14, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) That the amount to be financed by it in connection with the loan shall be so financed that the cost to it of any loans secured from sources other than the United States shall not exceed 7½ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection therewith; (2) the expenditures made from the loan shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the applicant shall furnish the commission on or about July 1, 1921, January 1, 1922, and July 1, 1922, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with this loan for said purposes. The entire loan, together with substantially the entire amount to be financed by the applicant, shall have been expended or definitely obligated for said purposes, or the entire loan shall be repaid to the United States, on or before January 1, 1922, except that such expenditures with respect to second track at Akron, Ohio, extending erecting shop at Susquehanna, Pa., rebuilding Pier C at Weehawken, N. J., and rebuilding south side shops at Jersey City, N. J., may be made or definitely obligated on or before July 1, 1922.

Done at Washington, D. C., this 7th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2236.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR AUTHORITY TO EXTEND THE MATURITY OF DEBENTURES.

Submitted March 2, 1922. Decided March 7, 1922.

Authority granted to enter into agreements with the holders of \$14,118,000 of dollar debentures and 69,762,500 francs of franc debentures for the extension of the maturity thereof from April 1, 1922, to April 1, 1925, and to increase the rate of interest thereon from 4 per cent to 7 per cent per annum.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New York, New Haven & Hartford Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to enter into agreements with the holders of \$14,118,000, principal amount, of debentures, hereinafter designated as dollar debentures, and 69,762,500 francs, principal amount, of debentures, hereinafter designated as franc debentures, for the extension of the maturity date thereof from April 1, 1922, to April 1, 1925, with interest at the rate of 7 per cent per annum for the period of extension. No objection to the granting of the application has been presented to us.

The debentures are a part of a total original issue of 145,000,000 francs, known as the applicant's European loan of 1907. It appears that all the debentures as originally issued were payable at the option of the holders thereof, both as to principal and interest, in francs, pounds sterling, or marks, and that the entire issue was floated in Europe pursuant to the terms of an agreement between the applicant and certain French and other European banks and bankers. A copy of the memorandum of this agreement dated February 15, 1907, was filed with the application. It was provided in this agreement that the applicant should deposit the interest, or the principal and interest, in francs with one or both of the French banks at least 10 days before the respective due dates thereof, together with a stated com-

mission, or in case of an extreme emergency depreciating French currency to a panic point should, upon notice from the French banks, make the required deposit with a designated German bank, or, at the option of the French banks, in pounds sterling with a designated bank in England.

It further appears that early in the period of the recent war debentures in the principal amount of 75,237,500 francs were purchased and brought to the United States, and that, pursuant to agreements between the applicant and holders of the debentures and between the applicant and the French banks, these debentures were made payable in the United States in coin of the United States, each 500-franc piece being stamped with a value of \$96.50 and each semiannual interest coupon with a value of \$1.93.

The applicant states that the rate of exchange at that time made possible the retirement of a sufficient number of these 500-franc pieces to reduce the total issue of debentures by \$402,308.50, leaving outstanding dollar debentures aggregating \$14,118,529, of which \$529 are in the treasury of the applicant and will be canceled, and franc debentures in the principal amount of 69,762,500 francs. The dollar debentures outstanding are each of the denomination of \$1,000.

It was provided in the debentures that, if at any time after the issue thereof the applicant should create any mortgage upon certain of its lines, or any part thereof, each debenture should, without further act, be entitled to share in the security of such mortgage. Under date of December 9, 1920, the applicant made its first and refunding mortgage to the Bankers Trust Company, of New York, trustee, conveying to the latter certain property including that mentioned in the debentures, and expressly securing under the mortgage the payment of the principal and interest of the debentures.

The applicant proposes to accomplish the extension by entering into two agreements, one with the holders of the dollar debentures and the other with the holders of the franc debentures. Copies of the proposed agreements were filed with the application. In each agreement provision will be made, among other things, for the deposit of the debentures with designated depositaries, and for the issue of certificates of deposit entitling the holders thereof, if the extension becomes operative, to receive, upon surrender of the certificate, (a) in cash, 10 per cent of the principal amount of the debentures represented by the certificates, with interest on such cash payment, if the extension becomes operative after April 1, 1922, at 7 per cent per annum from April 1, 1922, until the date when the cash payment shall become payable, and (b) debentures of the original principal amount deposited, stamped with a notation of payment of 10 per cent

of the original principal amount and extension of the remaining 90 per cent thereof until April 1, 1925. Holders of certificates of deposit of franc debentures will receive the 10 per cent cash payment in sterling money of Great Britain, payments in Paris to be made in French francs and payments in New York in dollars at the current rates of exchange, as determined by the Equitable Trust Company of New York.

Each franc debenture extended will entitle the holder thereof to receive on April 1, 1925, 450 French francs, £17 15s. 11½d., or 363.60 marks at the place, in the currency, and at the rates of exchange expressed in the franc debentures, or at the option of the holder, \$86.85 at the office of the Bankers Trust Company in gold coin of the United States. Each dollar debenture extended will entitle the holder thereof to receive \$900 on April 1, 1925. To each debenture will be attached coupons covering semiannual interest at the rate of 7 per cent per annum for the period of the extension. The coupons attached to the franc debentures will be payable at the option of the bearer in francs, marks, shillings and pence, or dollars.

The applicant represents that it is impossible for it to obtain funds with which to pay the debentures on April 1, 1922, and that the proposed plan is the only feasible means for caring for the maturity of the debentures. A failure to pay the debentures at maturity would constitute a default under the terms of the first and refunding mortgage.

We find that the proposed extension of the maturity date of the debentures as aforesaid (a) is for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

COMMISSIONER DANIELS dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized to extend from April 1, 1922, to April 1, 1925, the maturity date of all or any part of \$14,118,000, principal amount, of dollar debentures, and all or any

part of 69,762,500 francs, principal amount, of franc debentures, said dollar debentures and franc debentures being a part of a total original issue of 145,000,000 francs, principal amount, of 4 per cent debentures known as the applicant's European loan of 1907, and being all of said debentures now outstanding; said debentures so extended to be secured by the first and refunding mortgage, dated December 9, 1920, to the Bankers Trust Company, trustee, and to have attached thereto coupons covering semiannual interest thereon at the rate of 7 per cent per annum; said extension to be accomplished by the execution of agreements between the applicant and the holders of the debentures as set forth in the application, and by stamping each debenture with a notation showing payment of 10 per cent, and extension of the remaining 90 per cent of the face amount thereof, such notation to be substantially in the form incorporated in the agreements.

It is further ordered, That, except as herein authorized, said debentures shall not be extended, or reissued by sale, pledge, repledge, or otherwise by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, for the period ending June 30, 1922, and for each period of six months thereafter, until all of said debentures have been extended as herein authorized, within 30 days after the close of such period, report to this commission all pertinent facts relating to such extension; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said debentures, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2248.

IN THE MATTER OF THE APPLICATION OF THE RECEIVERS OF THE DENVER & SALT LAKE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted February 24, 1922. Decided March 8, 1922.

Held, That upon the record it is not shown that the loan requested is necessary to meet public transportation needs or that the security offered is adequate. Application denied.

L. R. Freeman for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

W. R. Freeman and C. Boettcher, receivers of the Denver & Salt Lake Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicants, on February 24, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicants to provide themselves with additions and betterments.

In the application the applicants set forth:

1. That the amount of the loan desired is \$6,500,000.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan and the use to which it will be applied are to construct a 6-mile tunnel through James Peak at or near Corona, Colo., at an estimated cost equal to the amount of loan applied for.
4. That the security offered for the loan consists of receivers' certificates of indebtedness constituting a first, prior, and paramount lien upon all of the property in the hands of the receivers or which hereafter may be acquired through the application of the proceeds of the loan, or otherwise.

Upon investigation thereof we find the application should be denied upon the following grounds: (1) That the making in whole or in part of the proposed loan by the United States for the purpose set forth in the application is not necessary to enable the applicants properly to meet the transportation needs of the public during the transition period immediately following Federal control; and (2) that the prospect of the proposed loan is not in the hands

of the applicants and the character and value of the security offered are not such as to furnish reasonable assurance of the applicants' ability to repay the loan and to meet their other obligations in regard thereto, and reasonable protection to the United States.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKETS Nos. 954 AND 2212.**IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.**

FINANCE DOCKETS Nos. 954 AND 2212.

Upon application and consideration thereof, certificate No. 19 of August 25, 1920, 65 I. C. C., 134, approving a loan of \$8,000,000 by the United States to the carrier, amended so as to authorize the Secretary of the Treasury to release from pledge \$5,000,000, principal amount, of the carrier's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, and the pledge in lieu thereof of other collateral security.

Geo. F. Brownell for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.**DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.****BY DIVISION 4:**

The Erie Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 2, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid it in meeting its maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$5,000,000.
2. That the term for which the loan is desired is 15 years.
3. That the purpose of the loan and the use to which it will be applied are to aid the applicant in meeting the maturity on April 1, 1922, of its three-year 6 per cent secured gold notes, in a principal amount of \$15,000,000.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered for the loan consists of (1) \$7,000,000, principal amount, of the applicant's refunding and improvement mortgage 6 per cent bonds; (2) \$1,000,000, principal amount, of the applicant's general-lien 4 per cent bonds; and (3) \$600,000, principal amount, of Columbus & Erie Railroad Company's first-mortgage 5 per cent bonds.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to preserve its credit and thus properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

Of the total principal amount of \$15,000,000 of the applicant's three-year 6 per cent secured gold notes, as aforesaid, \$12,753,000, principal amount, is held by the War Finance Corporation as collateral security for loans or advances made to the applicant during Federal control, leaving a principal amount of \$2,247,000 outstanding in the hands of the public.

The applicant's application sets forth, as an alternative to our loaning the full amount applied for, including the amount required to discharge in part the indebtedness to the War Finance Corporation, that the applicant desires us to amend our certificate No. 19, dated August 25, 1920, to the Secretary of the Treasury, 65 I. C. C., 134, approving the making of a loan of \$8,000,000 to the applicant, so as to authorize the Secretary of the Treasury to release from pledge under the loan made pursuant to the aforesaid certificate No. 19, such principal amount of the applicant's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, as will, when computed at principal amount and added to the amount of such loan as we may approve on the aforesaid application of the applicant, equal the amount of loan presently applied for. The applicant offers to substitute in lieu of its consolidated-mortgage bonds, to be released as aforesaid, the pledge of such part of the collateral security offered for the entire loan applied for, as we may determine.

Inasmuch as it is apparently feasible for the applicant to effect the financing with respect to the maturity of its three-year 6 per cent secured gold notes, as aforesaid, both in respect of that part of said notes which is held by the War Finance Corporation and that part which is outstanding in the hands of the public, with the aid of proceeds of the sale of its consolidated-mortgage 7 per cent gold bonds, as aforesaid, after investigation we find that the release for this purpose of \$5,000,000, principal amount, of said consolidated-mortgage 7 per cent gold bonds from pledge under the terms and conditions of our certificate No. 19, as aforesaid, on condition that the following-described securities be pledged in lieu thereof, as follows:

(1) \$8,000,000, principal amount, of the applicant's refunding and improvement mortgage 6 per cent bonds; and (2) \$600,000, principal amount, of Columbus & Erie Railroad Company's first-mortgage 5 per cent bonds, is necessary in order to enable the applicant properly to meet the transportation needs of the public and afford reasonable assurance of the applicant's ability to repay the loans made to it under section 210 of the transportation act, 1920, as amended, within the time fixed therefor, and to meet its other obligations in connection with such loans, and reasonable protection to the United States; and that the applicant is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

An appropriate amendment to certificate No. 19 will be issued.

Amendment to Certificate No. 19 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 19, dated August 25, 1920, approving the making of a loan of \$8,000,000 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by authorizing the pledge in lieu of and in substitution for the security in part for the loan consisting of \$5,000,000, principal amount of the applicant's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, the following described securities:

1. Applicant's refunding and improvement mortgage 20-year series-A 6 per cent gold bonds, due 1937, \$1,470,000, principal amount, issued under an indenture of mortgage dated December 1, 1916, executed and delivered by the applicant to the Bankers Trust Company, of New York, as trustee, as amended by supplement thereto, dated April 1, 1918. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in denominations and principal amounts, and are numbered as follows:

	Denomination.	Amount.
1 bond, No. T-42-----	\$250, 000	\$250, 000
6 bonds, Nos. T-4 to T-9-----	100, 000	600, 000
3 bonds, Nos. T-23 to T-25-----	100, 000	300, 000
1 bond, No. T-37-----	100, 000	100, 000
2 bonds, Nos. T-56 and T-57-----	100, 000	200, 000
2 bonds, Nos. T-59 and T-60-----	10, 000	20, 000
Total -----		1, 470, 000

2. Applicant's refunding and improvement mortgage 20-year series-B 6 per cent gold bonds, due 1938, \$6,530,000, principal amount,
71 I. C. C.

issued under an indenture of mortgage identified and described in subparagraph 1 hereof. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in denominations and principal amounts, and are numbered as follows:

	Denomination.	Amount.
7 bonds, Nos. T-1 to T-7-----	\$500, 000	\$3, 500, 000
4 bonds, Nos. T-8 to T-11-----	250, 000	1, 000, 000
8 bonds, Nos. T-12 to T-19-----	100, 000	800, 000
2 bonds, Nos. T-20 and T-21-----	50, 000	100, 000
1 bond, No. T-54-----	100, 000	100, 000
2 bonds, Nos. T-61 and T-62-----	500, 000	1, 000, 000
1 bond, No. T-67-----	30, 000	30, 000
Total-----		6, 530, 000

3. Columbus & Erie Railroad Company's first-mortgage 50-year 5 per cent gold bonds, due 1967, \$600,000, principal amount, issued under an indenture of mortgage, dated June 1, 1917, executed and delivered by the Columbus & Erie Railroad Company to the United States Mortgage & Trust Company, as trustee. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in the denomination of \$100,000 and are numbered T-1 to T-6, inclusive.

Pending the pledge of all of the substitute securities hereinabove identified and described, the applicant shall have the right, at any time prior to April 1, 1922, to pledge in lieu of all or any part thereof \$600, principal amount, of United States treasury certificates of indebtedness for each \$1,000, principal amount, of said substitute securities.

Done at Washington, D. C., this 24th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 1463.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & NASHVILLE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO ABANDON A PORTION OF A BRANCH LINE OF RAILROAD.

Submitted March 6, 1922. Decided March 9, 1922.

Proposed abandonment of a portion of a branch line of railroad extending from West Point to Pinkney, in Lawrence County, Tenn., held not justified. Application denied.

W. A. Northcutt for applicant.

W. L. Granbury for protestants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Louisville & Nashville Railroad Company, a carrier by railroad subject to the interstate commerce act, on May 28, 1921, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon that portion of its West Point branch extending from West Point, Tenn., to Pinkney, Tenn., which is the end of the branch, a distance of 1.76 miles, for the reason that its operation is unprofitable on account of the insufficient volume of traffic. Protests against the proposed abandonment were filed by the Lawrence Iron Company and the Pinkney Mining Company. A hearing was held for us by the Railroad and Public Utilities Commission of the State of Tennessee, and that commission has filed with us its recommendation that the application be denied.

The West Point branch extends from Iron City, Tenn., to Pinkney, a distance of approximately 12 miles. It was built by the Nashville, Florence & Sheffield Railway Company, whose railroad was purchased by the applicant at foreclosure sale in 1900, and since then it has been owned and operated by the applicant. The branch was constructed primarily for the purpose of reaching iron-ore beds in the vicinity of West Point and Pinkney, and the owners of some of the ore beds near Pinkney contributed \$25,000 to aid in its construction to that point.

Applicant estimates the population of Pinkney at from 30 to 40 and states that the total population to be served does not exceed 75.

Pinkney is not served by any other railroad. At the hearing two petitions protesting against the proposed abandonment were introduced in evidence, one of which was signed by 345 people claiming to live along the line in and around Pinkney, and the other signed by 105 citizens of West Point and vicinity.

The country traversed by the line is described as rolling timbered land. There are a few small farms located along the line, but the agricultural development has been unimportant. The principal traffic on this branch has been iron ore, but there has also been a considerable movement of forest products. It appears that approximately 2,000,000 tons of iron ore have been shipped over that portion of the branch which it is proposed to abandon. Estimates introduced by the protestants tend to show that there are more than 2,000,000 tons of commercial iron ore still in the ore beds in the vicinity of Pinkney. No ore has been mined since 1915. This, it is stated, was due principally to the fact that some owners of furnaces in that section had their own ore beds from which to draw a supply and others were not willing to contract to take ore for a time sufficiently long to induce the owners of the mines to begin operations. The applicant concedes that the iron industry is seriously depressed at the present time. However, it appears that in the near future the furnaces in this territory will be dependent upon the Pinkney ore beds for their supply. Protestants state that if they are unable to sell their ore beds, they expect to buy a furnace and smelt their own ores. The proposed abandonment would cause large damage to these mining properties, as it would disconnect the mines from the railroad by a distance of 1.7 miles.

For the five years ending December 31, 1920, operating revenues of that portion of the branch which it is proposed to abandon, as stated by the applicant, were \$1,597.65 and the operating expenses are given at \$13,259.41. For the year 1920, it is claimed that the operating revenues were \$329.51 and the operating expenses, \$3,049.33. Applicant estimates that the proposed abandonment would enable it to effect an annual saving of \$5,531. All these estimates are based upon a pro rata mileage basis. The record shows that 248 loaded cars were shipped from Pinkney in 1920, all of which moved to destination over the lines of the applicant. In September, 1921, the last month for which statistics were available at the time of the hearing, 38 cars of wood and lumber were shipped from Pinkney. It appears that the applicant obtained a long line haul on most of this traffic. It is claimed by the protestants that the abandonment of this piece of track would destroy the lumbering industry near Pinkney as it would be impracticable to haul to West Point because of the grades on the dirt roads.

There are four trestles on the line between West Point and Pinkney. Applicant asserts that these trestles are expensive to maintain, that at the present time they are in need of repairs, and that it was the condition of these trestles and the fact that there was so little business moving from that part of the line that centered its attention on the proposed abandonment. However, it appears that within a comparatively recent time three of these trestles have been rebuilt with creosoted timbers and that the fourth one has been partially reconstructed and the timbers are on the ground to finish it.

The present service over the West Point branch consists of one mixed train a day in each direction. The time consumed by this train in making the round trip between West Point and Pinkney is less than 30 minutes.

It appears reasonably clear that the proposed abandonment would preclude the possibility of the further development of the ore beds in the vicinity of Pinkney, would tend to destroy the lumbering industry at that point, and would deprive a considerable community of the benefits of direct railroad service. The results of operation of that portion of the branch which it is proposed to abandon, when reflected in the accounts of applicant's system as a whole, are not such as to require the granting of the relief prayed for, in view of the showing made as to the public need for the service.

Upon the facts presented we are unable to find that the present or future public convenience and necessity permit the abandonment of that portion of the branch line between West Point and Pinkney.

An order will be entered denying the application.

COMMISSIONER POTTER dissents.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application be, and it is hereby, denied.

FINANCE DOCKET No. 2239.

IN THE MATTER OF THE APPLICATION OF THE UNION
PACIFIC RAILROAD COMPANY FOR AUTHORITY TO
ASSUME OBLIGATION AND LIABILITY IN RESPECT
OF CERTAIN EQUIPMENT-TRUST CERTIFICATES.

Submitted February 20, 1922. Decided March 11, 1922.

Authority granted to assume obligation and liability in respect of \$6,800,000 of Union Pacific equipment-trust certificates, series B, by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Company (of Philadelphia); said certificates to be sold at 95 per cent of par, and the proceeds used to procure certain equipment.

Henry W. Clark for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Union Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$6,800,000 of Union Pacific equipment-trust certificates, series B, by entering into an equipment-trust agreement under which the certificates will be issued, and a lease of certain equipment to be purchased. No objection to the granting of the authority requested has been presented to us.

The applicant represents that in order to handle adequately its freight and passenger traffic and to perform its duty as a common carrier, it is necessary to acquire certain additional equipment. It proposes to acquire for such purposes at an approximate total cost of \$9,122,800, including freight, inspection, and other costs, the following equipment:

Description.	Num- ber of units.	Unit cost.	Cost.
Double-sheathed box cars, 100,000-pound capacity.....	1,000	\$1,784.50	\$1,784,800
Do.....	1,000	1,781.50	1,781,800
Double-sheathed automobile cars, 100,000-pound capacity.....	1,000	1,773.54	1,773,540
Do.....	500	1,813.93	906,965
Steel automobile cars, 100,000-pound capacity.....	1,000	2,055.00	2,055,000
Steel 100-foot baggage cars.....	25	14,452.40	361,310
Steel 70-foot passenger coaches.....	20	22,999.07	459,981
Total.....			9,122,796

In pursuance of its plan to acquire such equipment, the applicant proposes to assign contracts heretofore made with certain equipment builders to Andrew S. Hannum and Granville H. Davis, who will procure the equipment from the builders and as vendors will sell, assign, and transfer the same to the Commercial Trust Company (of Philadelphia). The trust company will deliver to the vendors, or upon their order, for distribution to the subscribers to the equipment trust, Union Pacific equipment-trust certificates, series B, in an amount equal to 75 per cent of the cost of the trust equipment but not exceeding \$6,800,000. The remainder of the purchase price and any deficiencies in the amount realized from the sale of the trust certificates will be paid in cash from moneys payable by the applicant under the terms of the equipment lease hereinafter mentioned.

The equipment-trust agreement hereinbefore mentioned, a copy of which is filed with the application, will be dated March 1, 1922, and will be entered into by and between said Hannum and Davis as vendors, the Commercial Trust Company (of Philadelphia), and the applicant. Pursuant to the terms of the trust agreement, the trust company, as trustee, will execute the trust certificates evidencing shares in such equipment trust. The certificates are to be in the denomination of \$1,000 and in bearer or registered form, \$618,000 thereof to be payable on March 1 in each year from 1927 to 1936, both inclusive, and \$620,000 to be payable on March 1, 1937, with dividend warrants attached entitling the holders to dividends at the rate of 5 per cent per annum from March 1, 1922, payable semiannually on March 1 and September 1 in each year.

By the terms of the trust agreement the applicant will indorse on the trust certificates to be issued thereunder, substantially in the form given therein, its unconditional guaranty of the payment of the principal and dividends thereon when the same shall become due and payable.

Concurrently with the execution of the trust agreement, the applicant will execute a lease with the Commercial Trust Company (of Philadelphia), under date of March 1, 1922, whereby the latter will lease to the former the equipment procured from the vendors. A copy of the lease is filed with the application and provides, among other things, that the lessee shall pay to the lessor (a) cash equal to the difference between the cost of the trust equipment delivered and the principal amount of trust certificates issuable in respect thereof; (b) necessary and reasonable expenses of the trust; (c) amounts equivalent to the dividend warrants, when and as the same shall become payable; (d) \$618,000 annually on March 1 in each year from 1927 to 1936, inclusive, and \$620,000 on March 1, 1937.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to preserve its credit and thus properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

Of the total principal amount of \$15,000,000 of the applicant's three-year 6 per cent secured gold notes, as aforesaid, \$12,753,000, principal amount, is held by the War Finance Corporation as collateral security for loans or advances made to the applicant during Federal control, leaving a principal amount of \$2,247,000 outstanding in the hands of the public.

The applicant's application sets forth, as an alternative to our loaning the full amount applied for, including the amount required to discharge in part the indebtedness to the War Finance Corporation, that the applicant desires us to amend our certificate No. 19, dated August 25, 1920, to the Secretary of the Treasury, 65 I. C. C., 134, approving the making of a loan of \$8,000,000 to the applicant, so as to authorize the Secretary of the Treasury to release from pledge under the loan made pursuant to the aforesaid certificate No. 19, such principal amount of the applicant's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, as will, when computed at principal amount and added to the amount of such loan as we may approve on the aforesaid application of the applicant, equal the amount of loan presently applied for. The applicant offers to substitute in lieu of its consolidated-mortgage bonds, to be released as aforesaid, the pledge of such part of the collateral security offered for the entire loan applied for, as we may determine.

Inasmuch as it is apparently feasible for the applicant to effect the financing with respect to the maturity of its three-year 6 per cent secured gold notes, as aforesaid, both in respect of that part of said notes which is held by the War Finance Corporation and that part which is outstanding in the hands of the public, with the aid of proceeds of the sale of its consolidated-mortgage 7 per cent gold bonds, as aforesaid, after investigation we find that the release for this purpose of \$5,000,000, principal amount, of said consolidated-mortgage 7 per cent gold bonds from pledge under the terms and conditions of our certificate No. 19, as aforesaid, on condition that the following-described securities be pledged in lieu thereof, as follows:

(1) \$8,000,000, principal amount, of the applicant's refunding and improvement mortgage 6 per cent bonds; and (2) \$600,000, principal amount, of Columbus & Erie Railroad Company's first-mortgage 5 per cent bonds, is necessary in order to enable the applicant properly to meet the transportation needs of the public and afford reasonable assurance of the applicant's ability to repay the loans made to it under section 210 of the transportation act, 1920, as amended, within the time fixed therefor, and to meet its other obligations in connection with such loans, and reasonable protection to the United States; and that the applicant is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

An appropriate amendment to certificate No. 19 will be issued.

Amendment to Certificate No. 19 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 19, dated August 25, 1920, approving the making of a loan of \$8,000,000 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by authorizing the pledge in lieu of and in substitution for the security in part for the loan consisting of \$5,000,000, principal amount of the applicant's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, the following described securities:

1. Applicant's refunding and improvement mortgage 20-year series-A 6 per cent gold bonds, due 1937, \$1,470,000, principal amount, issued under an indenture of mortgage dated December 1, 1916, executed and delivered by the applicant to the Bankers Trust Company, of New York, as trustee, as amended by supplement thereto, dated April 1, 1918. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in denominations and principal amounts, and are numbered as follows:

	Denomination.	Amount.
1 bond, No. T-42-----	\$250, 000	\$250, 000
6 bonds, Nos. T-4 to T-9-----	100, 000	600, 000
3 bonds, Nos. T-23 to T-25-----	100, 000	300, 000
1 bond, No. T-37-----	100, 000	100, 000
2 bonds, Nos. T-56 and T-57-----	100, 000	200, 000
2 bonds, Nos. T-59 and T-60-----	10, 000	20, 000
Total -----	-- --	1, 470, 000

2. Applicant's refunding and improvement mortgage 20-year series-B 6 per cent gold bonds, due 1937, \$1,470,000, principal amount, issued under an indenture of mortgage dated December 1, 1916, executed and delivered by the applicant to the Bankers Trust Company, of New York, as trustee, as amended by supplement thereto, dated April 1, 1918. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in denominations and principal amounts, and are numbered as follows:

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to preserve its credit and thus properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

Of the total principal amount of \$15,000,000 of the applicant's three-year 6 per cent secured gold notes, as aforesaid, \$12,753,000, principal amount, is held by the War Finance Corporation as collateral security for loans or advances made to the applicant during Federal control, leaving a principal amount of \$2,247,000 outstanding in the hands of the public.

The applicant's application sets forth, as an alternative to our loaning the full amount applied for, including the amount required to discharge in part the indebtedness to the War Finance Corporation, that the applicant desires us to amend our certificate No. 19, dated August 25, 1920, to the Secretary of the Treasury, 65 I. C. C., 134, approving the making of a loan of \$8,000,000 to the applicant, so as to authorize the Secretary of the Treasury to release from pledge under the loan made pursuant to the aforesaid certificate No. 19, such principal amount of the applicant's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, as will, when computed at principal amount and added to the amount of such loan as we may approve on the aforesaid application of the applicant, equal the amount of loan presently applied for. The applicant offers to substitute in lieu of its consolidated-mortgage bonds, to be released as aforesaid, the pledge of such part of the collateral security offered for the entire loan applied for, as we may determine.

Inasmuch as it is apparently feasible for the applicant to effect the financing with respect to the maturity of its three-year 6 per cent secured gold notes, as aforesaid, both in respect of that part of said notes which is held by the War Finance Corporation and that part which is outstanding in the hands of the public, with the aid of proceeds of the sale of its consolidated-mortgage 7 per cent gold bonds, as aforesaid, after investigation we find that the release for this purpose of \$5,000,000, principal amount, of said consolidated-mortgage 7 per cent gold bonds from pledge under the terms and conditions of our certificate No. 19, as aforesaid, on condition that the following-described securities be pledged in lieu thereof, as follows:

(1) \$8,000,000, principal amount, of the applicant's refunding and improvement mortgage 6 per cent bonds; and (2) \$600,000, principal amount, of Columbus & Erie Railroad Company's first-mortgage 5 per cent bonds, is necessary in order to enable the applicant properly to meet the transportation needs of the public and afford reasonable assurance of the applicant's ability to repay the loans made to it under section 210 of the transportation act, 1920, as amended, within the time fixed therefor, and to meet its other obligations in connection with such loans, and reasonable protection to the United States; and that the applicant is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

An appropriate amendment to certificate No. 19 will be issued.

Amendment to Certificate No. 19 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 19, dated August 25, 1920, approving the making of a loan of \$8,000,000 by the United States to the Erie Railroad Company, hereinafter referred to as the applicant, under section 210 of the transportation act, 1920, as amended, by authorizing the pledge in lieu of and in substitution for the security in part for the loan consisting of \$5,000,000, principal amount of the applicant's consolidated-mortgage 7 per cent gold bonds, due by extension September 1, 1930, the following described securities:

1. Applicant's refunding and improvement mortgage 20-year series-A 6 per cent gold bonds, due 1937, \$1,470,000, principal amount, issued under an indenture of mortgage dated December 1, 1916, executed and delivered by the applicant to the Bankers Trust Company, of New York, as trustee, as amended by supplement thereto, dated April 1, 1918. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in denominations and principal amounts, and are numbered as follows:

	Denomination.	Amount.
1 bond, No. T-42-----	\$250, 000	\$250, 000
6 bonds, Nos. T-4 to T-9-----	100, 000	600, 000
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1 bond, No. T-37-----	100, 000	100, 000
2 bonds, Nos. T-56 and T-57-----	100, 000	200, 000
2 bonds, Nos. T-59 and T-60-----	10, 000	20, 000
Total-----		1, 470, 000

2. Applicant's refunding and improvement mortgage 20-year series-B 6 per cent gold bonds, due 1937, \$1,470,000, principal amount, issued under an indenture of mortgage dated December 1, 1916, executed and delivered by the applicant to the Bankers Trust Company, of New York, as trustee, as amended by supplement thereto, dated April 1, 1918. Said bonds are in temporary form without coupons, exchangeable for definitive coupon bonds of the same series, aggregate principal amount, and substantially identical in tenor, and of authorized denominations, when prepared. Said temporary bonds are in denominations and principal amounts, and are numbered as follows:

plated plan of financing will call for interest charges at the rate of \$35,000 per annum, to which must be added taxes, which the applicant estimated at \$18,000 per annum, making total fixed charges of \$53,000. It is unlikely that the line can produce as much as \$100,000 in gross revenues in the near future; but assuming that such an amount would be earned, and assuming an operating ratio as low as 60 per cent, it is apparent that the operating expenses and fixed charges would exceed gross revenues. The plan of financing, which is set forth in the report issued on April 4, 1921, is not such as would commend itself to sound judgment based upon experience in such matters. That the proposed line would prove a convenience to a considerable number of people may be conceded, but that fact alone can not be relied upon to justify the addition to the transportation resources of the country of an enterprise which gives no promise of being self-sustaining.

Upon the whole record we can find no warrant for reversing the conclusion previously reached, that the present or future public convenience and necessity are not shown to require the construction of the line of railroad proposed in this case.

An order will be entered denying the application.

ORDER.

It appearing, That on April 4, 1921, and July 5, 1921, the commission entered its reports and orders in the above-entitled proceeding, and that on October 3, 1921, the proceeding was reopened for further hearing;

It further appearing, That such further hearing and full investigation of the matters and things involved have been had, and that the commission on the date hereof made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 216.

IN THE MATTER OF SETTLEMENT WITH THE SALINA NORTHERN RAILROAD COMPANY (HENRY C. BRENT AND P. W. GOEBEL, RECEIVERS) UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 14, 1920. Decided March 15, 1922.

The amount payable to the Salina Northern Railroad Company (Henry C. Brent and P. W. Goebel, receivers) under the provisions of paragraphs (f) and (g) of section 204, is ascertained to be \$3,840.26, from which no amount is deductible as due from the Salina Northern Railroad Company to the President (as operator of the transportation systems under Federal control) on account of traffic balances and other indebtedness. Certificate issued.

Henry C. Brent and P. W. Goebel for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Salina Northern Railroad Company (Henry C. Brent and P. W. Goebel, receivers) hereinafter termed the carrier, is a steam-railroad company under receivership, which, during the Federal control period, engaged as a common carrier in general transportation, operating between Salina and Osborne, Kans., a distance of approximately 81 miles, its lines connecting at Salina with the Atchison, Topeka & Santa Fe Railway, Chicago, Rock Island & Pacific Railway, Missouri Pacific Railroad, and the Union Pacific Railroad, and at Osborne with the Missouri Pacific Railroad, lines of railway or systems of transportation under Federal control. It sustained a deficit in railway operating income for that portion of the period of Federal control during which it operated its own railroad. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier commenced operations on January 1, 1917. It was relinquished from Federal control on June 30, 1918, but a standard contract was consummated with the director general, effective September 1, 1918. It therefore operated its own railroad during the Federal control period on from July 1 to August 31, 1918, inclusive. The return of the carrier for the period of March 4, 1920, indicates a net credit balance of \$2,865.50 but on examination of the accounts and other documents the amount is \$3,840.26.

FINANCE DOCKET No. 2239.

IN THE MATTER OF THE APPLICATION OF THE UNION
PACIFIC RAILROAD COMPANY FOR AUTHORITY TO
ASSUME OBLIGATION AND LIABILITY IN RESPECT
OF CERTAIN EQUIPMENT-TRUST CERTIFICATES.

Submitted February 20, 1922. Decided March 11, 1922.

Authority granted to assume obligation and liability in respect of \$6,800,000 of Union Pacific equipment-trust certificates, series B, by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Company (of Philadelphia); said certificates to be sold at 95 per cent of par, and the proceeds used to procure certain equipment.

Henry W. Clark for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Union Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$6,800,000 of Union Pacific equipment-trust certificates, series B, by entering into an equipment-trust agreement under which the certificates will be issued, and a lease of certain equipment to be purchased. No objection to the granting of the authority requested has been presented to us.

The applicant represents that in order to handle adequately its freight and passenger traffic and to perform its duty as a common carrier, it is necessary to acquire certain additional equipment. It proposes to acquire for such purposes at an approximate total cost of \$9,122,800, including freight, inspection, and other costs, the following equipment:

Description.	Num-ber of units.	Unit cost.	Cost.
Double-sheathed box cars, 100,000-pound capacity.....	1,000	\$1,784.50	\$1,784,500
Do.....	1,000	1,781.50	1,781,500
Double-sheathed automobile cars, 100,000-pound capacity.....	1,000	1,773.54	1,773,540
Do.....	500	1,813.93	906,965
Steel automobile cars, 100,000-pound capacity.....	1,000	2,055.00	2,055,000
Steel 100-foot baggage cars.....	25	14,452.40	361,310
Steel 70-foot passenger coaches.....	20	22,999.07	459,981
Total.....			9,122,796

In pursuance of its plan to acquire such equipment, the applicant proposes to assign contracts heretofore made with certain equipment builders to Andrew S. Hannum and Granville H. Davis, who will procure the equipment from the builders and as vendors will sell, assign, and transfer the same to the Commercial Trust Company (of Philadelphia). The trust company will deliver to the vendors, or upon their order, for distribution to the subscribers to the equipment trust, Union Pacific equipment-trust certificates, series B, in an amount equal to 75 per cent of the cost of the trust equipment but not exceeding \$6,800,000. The remainder of the purchase price and any deficiencies in the amount realized from the sale of the trust certificates will be paid in cash from moneys payable by the applicant under the terms of the equipment lease hereinafter mentioned.

The equipment-trust agreement hereinbefore mentioned, a copy of which is filed with the application, will be dated March 1, 1922, and will be entered into by and between said Hannum and Davis as vendors, the Commercial Trust Company (of Philadelphia), and the applicant. Pursuant to the terms of the trust agreement, the trust company, as trustee, will execute the trust certificates evidencing shares in such equipment trust. The certificates are to be in the denomination of \$1,000 and in bearer or registered form, \$618,000 thereof to be payable on March 1 in each year from 1927 to 1936, both inclusive, and \$620,000 to be payable on March 1, 1937, with dividend warrants attached entitling the holders to dividends at the rate of 5 per cent per annum from March 1, 1922, payable semiannually on March 1 and September 1 in each year.

By the terms of the trust agreement the applicant will indorse on the trust certificates to be issued thereunder, substantially in the form given therein, its unconditional guaranty of the payment of the principal and dividends thereon when the same shall become due and payable.

Concurrently with the execution of the trust agreement, the applicant will execute a lease with the Commercial Trust Company (of Philadelphia), under date of March 1, 1922, whereby the latter will lease to the former the equipment procured from the vendors. A copy of the lease is filed with the application and provides, among other things, that the lessee shall pay to the lessor (a) cash equal to the difference between the cost of the trust equipment delivered and the principal amount of trust certificates issuable in respect thereof; (b) necessary and reasonable expenses of the trust; (c) amounts equivalent to the dividend warrants, when and as the same shall become payable; (d) \$618,000 annually on March 1 in each year from 1927 to 1936, inclusive, and \$620,000 on March 1, 1937.

Until the payments provided for in the lease shall have been fully made and completed, the lease is to continue in force and title to the trust equipment is to remain in the trustee. When all of its requirements shall have been complied with the lease will terminate and the trust equipment become the absolute property of the applicant.

The trust certificates have been sold to Kuhn, Loeb & Company, of New York City, at 95 per cent of par and dividends accrued to the date of sale. On such basis the annual cost to the applicant will be approximately 5.675 per cent on the proceeds of the certificates.

We find that the assumption of obligation and liability by the applicant as hereinbefore described (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That for the purpose of acquiring possession of, right to use, and ultimately title to, the equipment described in the aforesaid report, the Union Pacific Railroad Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$6,800,000, principal amount, of Union Pacific equipment-trust certificates, series B, to be issued by the Commercial Trust Company (of Philadelphia), (*a*) by entering into an agreement under date of March 1, 1922, with Andrew S. Hannum and Granville H. Davis, as vendors, and the Commercial Trust Company (of Philadelphia) creating said trust and providing for the issue of said certificates with dividend warrants attached; (*b*) by indorsing upon each of said certificates its unconditional guaranty, in the form set forth in the application, of the payment of the principal thereof and of the dividends thereon; and (*c*) by entering into a lease of the trust equipment with the said Commercial Trust Company (of Philadelphia), thereby agreeing to pay rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially the same in form and in substance as the proposed agreement and lease filed with the application, and said certificates and dividend war-

rants to be substantially in the respective forms set forth in said agreement; said certificates to entitle the bearer or registered owner thereof to a share in said trust and to semiannual dividends thereon at the rate of 5 per cent per annum, to be dated March 1, 1922, to be in the denomination of \$1,000, and to be payable in installments of \$618,000 on March 1 in each year from 1927 to 1936, inclusive, and \$620,000 thereof to be payable on March 1, 1937; said certificates to be sold at not less than 95 per cent of par and dividends accrued to the date of sale, and the entire proceeds used in the acquisition of the said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission certified copies of the said equipment-trust agreement and lease of the trust equipment in the forms in which they were respectively executed.

It is further ordered, That the applicant shall report to this commission within 10 days thereafter all pertinent facts relating to the issue and sale of said trust certificates; for the period ending June 30, 1922, and for each three months' period thereafter, within 30 days after the close of each such period, the application of the proceeds of the said certificates; and for the period ending March 1, 1927, and each year thereafter, within 30 days after the close of each such period, the payment and cancellation of any such certificates; such reports to be rendered until all of the proceeds shall have been applied and until all of the said certificates shall have been paid and canceled; each report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said trust certificates or dividends thereon.

trust certificates as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purpose of acquiring possession of, the right to use, and ultimately title to, the locomotives described in the application and said report, the Akron, Canton & Youngstown Railway Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$270,000, principal amount, of certificates of the Akron, Canton & Youngstown Railway engine trust of 1921 to be issued by the Union Trust Company of Cleveland, Ohio, each certificate to entitle the bearer or registered owner thereof to a share in said trust and to semiannual dividends thereon at the rate of 7 per cent per annum, (a) by entering into an agreement with the Union Trust Company of Cleveland, Ohio, as trustee, and A. F. Ayers and W. P. Welker, as vendors, which will create said trust and provide for the issue by the trustee of said certificates with dividend warrants attached, and thereby guaranteeing payment of the principal of said certificates and dividends thereon at the rate of 7 per cent per annum; (b) by indorsing upon each of said certificates its guaranty of the payment of the principal thereof and the dividends thereon; and (c) by entering into a lease with the trustee covering the trust equipment, and thereby agreeing to pay rents sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application and said certificates, dividend warrants, and indorsements of guaranty to be substantially in the respective forms set forth in said agreement; said certificates, agreement, and lease to be dated as of April 1, 1921; said certificates to be in the denomination of \$1,000, to mature April 1, 1931, subject to redemption on semiannual dividend dates as set forth in said trust agreement, and to be sold at not less than 92 per cent of par and dividends accrued to the date of sale,

and the entire proceeds thereof used in the acquisition of said locomotives.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That, within 10 days after the execution and delivery of said agreement and said lease, the applicant shall file with this commission certified copies thereof in the form in which they were executed.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the issue and sale of said certificates, and for the period ending June 30, 1922, and for each six months' period thereafter, until all of said certificates shall have been redeemed, within 30 days after the close of each such period, shall likewise report all pertinent facts relating to the payment of the rentals prescribed by said lease and the purposes to which such payments were applied; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said certificates, or dividends thereon.

FINANCE DOCKET No. 1762.

IN THE MATTER OF THE APPLICATION OF THE NORTH-
WESTERN PACIFIC RAILROAD COMPANY FOR AU-
THORITY TO ISSUE FIRST AND REFUNDING MORT-
GAGE BONDS.

Submitted November 18, 1921. Decided March 15, 1922.

Authority granted to issue \$37,000 of first and refunding mortgage bonds by selling and delivering them to the Southern Pacific Company and the Atchison, Topeka & Santa Fe Railway Company in reimbursement of advances for redeeming underlying bonds.

Stanley Moore for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Northwestern Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$37,000 of its first and refunding mortgage 4½ per cent bonds, by selling and delivering them to the Southern Pacific Company, hereinafter termed the Southern Pacific, and the Atchison, Topeka & Santa Fe Railway Company, hereinafter termed the Santa Fe, in final payment for advances made by those companies to enable the applicant to redeem certain underlying bonds. No objection to the granting of the application had been presented to us.

The applicant was incorporated on January 8, 1907, under the laws of California by articles of incorporation and consolidation of the Northwestern Pacific Railway Company (a holding company) and six other companies owning lines of railroad partly constructed and partly projected in that State. Its lines total 518.1 miles in length, the main line extending from Trinidad in the northwestern part of California to Tiburon, near San Francisco. Its entire capital stock consisting of 350,000 shares, all common stock of the par value of \$100 per share, is held by the Southern Pacific, the Santa Fe, and nine directors representing those companies, each of the proprietary companies owning one-half of the stock.

The first and refunding mortgage dated March 1, 1907, made by the applicant to the Farmers' Loan & Trust Company, trustee, au-

thorizes a total issue of bonds not exceeding \$35,000,000. Of the bonds so issuable, it appears that \$28,125,000 were outstanding and \$1,360,000 were held in the applicant's treasury on December 31, 1920. Section 3 of article second of the mortgage provides for the authentication and delivery of \$6,676,000 of the bonds for the purpose of redeeming, purchasing, retiring, or paying a like amount of underlying bonds therein specified. Included in this enumeration are \$3,880,000 of the San Francisco & Northern Pacific Railway Company's first-mortgage 5 per cent bonds. Of the bonds so reserved, \$5,723,000 have heretofore been authenticated by the trustee and delivered to the applicant.

Of the San Francisco & Northern Pacific first-mortgage bonds, there were outstanding on January 1, 1919, the date of maturity, \$3,571,000. To enable the applicant to redeem these bonds, the Southern Pacific and the Santa Fe advanced \$3,571,000 in cash, agreeing to accept in payment therefor, at 90.612 per cent of par, \$3,941,000 of the applicant's first and refunding mortgage bonds issuable under section 3, article second, of the mortgage. Prior to June 27, 1920, the two companies had, under this agreement, taken \$3,904,000 of the first and refunding mortgage bonds, leaving a balance of \$37,000 of bonds which the applicant now desires to sell and deliver to the Southern Pacific and the Santa Fe in accordance with the terms of the agreement. Of these bonds \$8,000 are now held in the applicant's treasury, and \$29,000 must be obtained upon authentication from the trustee.

The bonds which applicant proposes to issue are to bear interest at the rate of $4\frac{1}{2}$ per cent per annum, payable semiannually, are to mature March 1, 1957, and are to be redeemable on any semiannual interest date at 110 per cent of par and accrued interest. Nineteen bonds of \$1,000 each are to be delivered to one of the purchasing companies and 18 bonds of \$1,000 each to the other. The proposed sale of the bonds at 90.612 per cent of par would result in an effective interest rate of about 5.1 per cent.

The applicant's balance sheet as of September 30, 1921, shows capital stock outstanding in the amount of \$35,000,000, and funded debt unmatured in the amount of \$29,277,400, and investment in road and equipment in the amount of \$67,538,302.99. The average investment per mile of road is approximately \$130,000. We express no opinion as to the value of the applicant's property.

We find that the proposed issue of first and refunding mortgage bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and

which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in order to reimburse the Southern Pacific Company and the Atchison, Topeka & Santa Fe Railway Company for cash advanced for the purpose of enabling the applicant to redeem certain underlying bonds set forth in the application, the Northwestern Pacific Railroad Company be, and it is hereby authorized, to issue not exceeding \$37,000, principal amount, of its first and refunding mortgage bonds under and pursuant to, and to be secured by, its first and refunding mortgage dated March 1, 1907, to the Farmers' Loan & Trust Company, trustee; said bonds to bear interest at the rate of 4½ per cent per annum, payable semiannually, to be subject to redemption on any semiannual interest date at the option of the applicant, at 110 per cent of the face amount thereof, with accrued interest, and the principal thereof to be payable March 1, 1957; said bonds to be sold and delivered to said Southern Pacific Company and Atchison, Topeka & Santa Fe Railway Company at not less than 90.612 per cent of their face value and accrued interest, and the proceeds thereof to be used for the purposes set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, replugged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That on or before March 31, 1922, the applicant shall report to this commission all pertinent facts relating to the issue, sale, and delivery of said bonds and the disposition of the proceeds thereof, as herein authorized, such report to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2124.

IN THE MATTER OF THE APPLICATION OF THE
APACHE RAILWAY COMPANY FOR AUTHORITY TO
ISSUE STOCK AND A SECURED NOTE.

Submitted January 31, 1922. Decided March 15, 1922.

Proposed issue of capital stock and secured note not found compatible with the public interest and reasonably necessary and appropriate for the proper performance by the applicant of service to the public as a common carrier. Application denied.

Britton & Gray and C. B. Wilson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Apache Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue 550 shares of its capital stock and a promissory note in the face amount of \$455,000 to be secured by a second mortgage.

According to the articles of incorporation filed with the Arizona Corporation Commission on September 5, 1917, the applicant's authorized capital stock was fixed at \$1,000,000, divided into 10,000 shares of the par value of \$100. This stock has all been issued, and T. E. Pollock is the beneficial owner thereof, except four shares qualifying directors. The stock is, however, carried on the books of the applicant at a discount of 100 per cent, namely, \$1,000,000. The applicant states that the consideration for the issue of this stock consisted of services rendered by A. B. McGaffey and T. E. Pollock in the acquisition of the right of way, and in connection with the organization, construction, financing, and putting of the property on an operating basis; and that the additional \$55,000 of capital stock is to be issued for the same consideration, under the amendment of October 8, 1921, to its charter, increasing the authorized capital stock to \$1,055,000. The \$1,000,000 of stock now outstanding, except the shares qualifying directors, is held by a trustee under an agreement dated June 20, 1918, between the Atchison, Topeka & Santa Fe Railway Company and McGaffey and Pollock, relating to the organizing, financing, and construction of the applicant. The additional \$55,000 of capital stock proposed to be issued will be pledged with

the aforesaid trustee under a supplemental agreement dated January 1, 1921, between the Santa Fe and Pollock, the latter having acquired the rights of McGaffey in the premises. The issue of the stock and of the secured note is to be in pursuance of the provisions of the contract of June 20, 1918, and supplement thereto.

Section 2159 of the Civil Code of Arizona provides that the amount of bonds or promissory notes issued by railroad corporations for construction purposes shall not exceed in all the amount of their authorized capital stock. The applicant therefore desires to issue the additional stock so that its funded debt will not exceed its stock.

First-mortgage bonds of the applicant in the aggregate principal amount of \$600,000 are now outstanding. These bonds were issued to cover a like amount of advances received by the applicant from the Santa Fe. With the secured note proposed to be issued the applicant's funded debt would amount to \$1,055,000. The proposed note is intended to cover a like amount of other advances received by the applicant from the Santa Fe. It is contemplated that the proposed note will be dated January 1, 1921, and payable to the order of the Atchison, Topeka & Santa Fe Railway Company on January 1, 1936, with interest at the rate of 6 per cent per annum, payable semiannually. As security for the note the applicant proposes to execute a second mortgage under date of January 1, 1921, of its entire railway and telegraph line, rolling stock, equipment, franchises, lands, property, tolls, and income.

The balance sheet of the applicant as of December 31, 1921, shows investment in road and equipment amounting to \$1,740,873.43, and material and supplies on hand amounting to \$31,264.47, making a total of \$1,772,137.90, from which should be deducted accrued depreciation on equipment, \$12,820.64, leaving \$1,759,317.26, which represents the capital assets of the applicant. Its capital obligations amount to \$1,600,000, consisting of capital stock, \$1,000,000, and first-mortgage bonds, \$600,000. If the proposed note and the additional capital stock be issued the applicant's aggregate capital obligations would amount to \$2,110,000, thereby exceeding its capital assets by \$350,682.74. Furthermore, accrued interest on funded debt amounting to \$57,300 remains unpaid. The applicant is also indebted to the Apache Lumber Company in the sum of \$712,142.26 for advances and loans. The stock of the Apache Lumber Company is owned by the Northern Arizona Securities Company, a holding corporation, a majority of whose stock is owned by Pollock.

The applicant began operations on July 1, 1920. On December 31 of that year, it had a credit balance of \$1,294.02 in its profit-and-loss account. On December 31, 1921, there was a debit balance in that account of \$83,194.45.

From the record it appears that the applicant is overcapitalized, and that the receipts from its operations to the present time have not been sufficient to pay its operating expenses.

The applicant's line of railroad appears to have been projected chiefly for the purpose of reaching certain timber in the Fort Apache Indian Reservation and in the Sitgraves National Forest, to which McGaffey and Pollock had secured rights. The relations of the Santa Fe, the applicant, Pollock, and the Apache Lumber Company, the latter having been organized to harvest the timber, are substantially as follows: Pollock has succeeded to the rights of McGaffey. Under the contract of June 20, 1918, which the applicant ratified and accepted as therein provided, the Santa Fe has advanced \$1,055,000 for the construction of applicant's road, and has received \$600,000 of the applicant's first-mortgage bonds, leaving \$455,000 for which it has not received bonds. The \$1,000,000 of stock of the applicant, issued to Pollock and his associates, is pledged with a trustee to secure unto the Santa Fe the performance of said contract of June 20, 1918, on the part of Pollock and McGaffey, who agreed, among other things, to secure to the Santa Fe (therein called the Atchison) an option to acquire the entire capital stock of the applicant, or to purchase the railroad, franchises, and equipment thereof, as the Santa Fe might elect.

As provided in the contract of June 20, 1918, the Apache Lumber Company entered into an agreement with the Santa Fe, which is also dated June 20, 1918, covering the sale and delivery of 400,000 crossties annually for a period of 20 years beginning January 1, 1920, at the prices specified therein. From the price of each tie the Santa Fe has the right, if it so elects, to deduct the sum of 12 cents and apply the amount so deducted in liquidation of the principal and interest of the bonds of the applicant acquired by the Santa Fe. By an amendment to the contract, the right to deduct a larger amount has been conferred upon the Santa Fe. The applicant states that it will reimburse the Apache Lumber Company for the amounts so deducted and applied.

In view of the financial relations shown to exist between the applicant and the Santa Fe, the fact that the proposed issues would cause the applicant to be excessively overcapitalized, and the further fact that the applicant has not been able to pay operating expenses, we are unable to find that the proposed issue of capital stock and secured note is compatible with the public interest and reasonably necessary and appropriate for the proper performance by the applicant of service to the public as a common carrier. The application must therefore be denied.

An appropriate order will be entered.

71 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the application in this proceeding be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 2202.

IN THE MATTER OF THE APPLICATION OF THE JACKSONVILLE TERMINAL COMPANY FOR AUTHORITY TO ISSUE BONDS, AND OF THE ATLANTIC COAST LINE RAILROAD COMPANY, FLORIDA EAST COAST RAILWAY COMPANY, SEABOARD AIR LINE RAILWAY COMPANY, AND SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY AS GUARANTORS.

Submitted February 14, 1922. Decided March 15, 1922.

1. Authority granted to the Jacksonville Terminal Company to issue not exceeding \$3,100,000 of refunding and extension mortgage bonds, consisting of \$2,000,000 of series-A bonds, to be exchanged for a like amount of first and general mortgage bonds, and \$1,100,000 of series-B bonds, to be sold at not less than 95 per cent of par and accrued interest, and the proceeds used for capital purposes.
2. Authority granted to the Atlantic Coast Line Railroad Company, Florida East Coast Railway Company, Seaboard Air Line Railway Company, and Southern Railway Company to assume joint and several obligation and liability, as guarantors, in respect of said bonds.

Hartridge & Hartridge and L. E. Jeffries for Jacksonville Terminal Company.

George B. Elliott for Atlantic Coast Line Railroad Company.

Scott M. Loftin for Florida East Coast Railway Company.

Hornblower, Miller & Garrison for Seaboard Air Line Railway Company.

L. E. Jeffries for Southern Railway Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Jacksonville Terminal Company, the Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air Line Railway Company, and the Southern Railway Company, common carriers by railroad engaged in interstate commerce, have severally filed applications under section 20a of the interstate commerce act. The terminal company asks for authority to issue not exceeding \$3,100,000 of its refunding and extension mortgage gold bonds; and the Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air

71 I. C. C.

Line Railway Company, and the Southern Railway Company, each for itself, asks for authority to assume obligation and liability jointly and severally and unconditionally, as guarantors, in respect of the payment of the principal and interest of said bonds. No objection to the granting of the authority requested has been presented to us.

The terminal company has outstanding \$400,000 of its first-mortgage bonds and \$2,100,000 of its first and general mortgage bonds. It represents that the amount of bonds which is now issuable under its first and general mortgage is insufficient to refund the prior-lien bonds outstanding and to provide funds for necessary capital purposes. It proposes to make a new refunding and extension mortgage to the United States Trust Company of New York, under date of October 1, 1921, which will authorize to be issued thereunder an aggregate of \$4,000,000 of bonds, \$2,500,000 to be used for the refunding of prior-lien bonds, \$1,100,000 to fund construction expenditures, and \$400,000 to be reserved for additions and betterments to be made subsequent to the date of the new mortgage, a copy of which is filed with the application.

By the terms of the proposed refunding and extension mortgage, bonds may be issued in series, as directed by the terminal company's board of directors, to mature not later than July 1, 1967, and to bear interest at a rate not exceeding 7 per cent per annum. Authority is sought to issue (1) not exceeding \$2,000,000 of series-A bonds, to bear interest at the rate of 5 per cent per annum, to be exchanged for an equal amount of first and general mortgage bonds now held by the Atlantic Coast Line Railroad Company, and (2) not exceeding \$1,100,000 of series-B bonds, to bear interest at the rate of 6 per cent per annum, for the purpose of funding construction expenditures and to provide a working fund, as follows:

Capital expenditures not hitherto capitalized-----	\$826, 499. 81
To provide a working fund-----	86, 250. 00
For future additions and betterments and for undetermined construction obligations -----	187, 250. 19
Total -----	1, 100, 000. 00

Both series of bonds are to mature July 1, 1967.

The total capital assets of the Jacksonville Terminal Company are reported to be \$3,701,699.81, which includes \$85,391.35 investment in miscellaneous physical property held for future expansion of the terminal facilities. The capital liabilities of the terminal company now outstanding are capital stock, \$375,200; funded debt, \$2,500,000; total, \$2,875,200.

No arrangements have been made to sell the \$1,100,000 of series-B bonds, but representation is made that they will be disposed of at

not less than 95 per cent of par. On such basis the annual cost to the terminal company will be approximately 6.375 per cent on the proceeds of the bonds.

The Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air Line Railway Company, the Southern Railway Company, and the Georgia Southern & Florida Railway Company control the Jacksonville Terminal Company through ownership of its entire capital stock, the first three companies each owning one-fourth, and the last two companies each owning one-eighth thereof. The Southern Railway Company controls the Georgia Southern & Florida Railway Company through stock ownership.

The Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air Line Railway Company, and the Southern Railway Company propose to assume obligations and liability by entering into a supplemental agreement for joint use and operation, a copy of which is filed with the application, whereby they will, by indorsement, guarantee jointly and severally and unconditionally the payment of the principal and interest of the refunding and extension mortgage bonds of the Jacksonville Terminal Company proposed to be issued.

We find that the proposed issue by the Jacksonville Terminal Company of not exceeding \$3,100,000 of refunding and extension mortgage bonds, and the proposed assumption of obligation and liability, as guarantors, by the Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air Line Railway Company, and the Southern Railway Company in respect thereof as aforesaid (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Jacksonville Terminal Company be, and it is hereby, authorized to issue not exceeding \$3,100,000, principal amount, of refunding and extension mortgage bonds, under and pur-

suant to, and to be secured by, a refunding and extension mortgage to be made by it, under date of October 1, 1921, to the United States Trust Company of New York; said bonds to be dated October 1, 1921, to mature July 1, 1967, and to be in different series, \$2,000,000 to be denominated as series A, and to bear interest at the rate of 5 per cent per annum, and \$1,100,000 to be denominated as series B, and to bear interest at the rate of 6 per cent per annum, the interest on both series to be payable semiannually on the 1st day of January and July in each year; said series-A bonds to be exchanged for a like amount of first and general mortgage bonds, now held by the Atlantic Coast Line Railroad Company; said first and general mortgage bonds, when thus acquired through exchange, to be canceled; said series-B bonds to be sold at not less than 95 per cent of par and accrued interest, the proceeds to be used solely for capital purposes, as set forth in the report and application.

It is further ordered, That the Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air Line Railway Company, and the Southern Railway Company be, and they are hereby, authorized to assume obligation and liability in respect of payment of the principal and interest of \$3,100,000, principal amount, of the Jacksonville Terminal Company's refunding and extension mortgage bonds, hereinbefore authorized to be used, by entering into a supplemental agreement for joint use and operation of terminals at Jacksonville, Fla., with the Jacksonville Terminal Company and the United States Trust Company of New York, substantially in the form submitted with the application, and by indorsing upon each of said bonds their joint and several and unconditional guaranty of the payment of the principal and interest thereof, in the form set forth in said supplemental agreement.

It is further ordered, That, except as herein authorized, the said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the Jacksonville Terminal Company, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution and delivery thereof, the Jacksonville Terminal Company shall file with this commission certified copies of said refunding and extension mortgage and of the supplemental agreement for joint use and operation, in the form in which they were respectively executed.

It is further ordered, That the Jacksonville Terminal Company shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the exchange of said series-A bonds and the cancellation of an equal amount of first and general mortgage bonds, and (2) the sale of said series-B bonds and the use of the proceeds, continuing to make such reports until all of the pro-

ceeds shall have been applied; said reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Atlantic Coast Line Railroad Company, the Florida East Coast Railway Company, the Seaboard Air Line Railway Company, and the Southern Railway Company, severally, or any one of them acting for all, shall, within 10 days thereafter, report to this commission the indorsement of their joint and several unconditional guaranty on the \$3,100,000 of refunding and extension mortgage bonds herein authorized to be issued.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2216.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted February 6, 1922. Decided March 15, 1922.

Authority granted to issue \$666,000 of first consolidated mortgage 4 per cent bonds; said bonds to be sold at not less than 90 per cent of par and accrued interest and the proceeds to be used solely for reimbursement of applicant's treasury for payment of \$600,000 of underlying bonds which matured January 1, 1922.

Theodore W. Reath for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Norfolk & Western Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$666,000 of first consolidated mortgage 4 per cent bonds, by selling them at not less than 90 per cent of par, to reimburse its treasury for moneys expended in the payment of \$600,000 of first-mortgage 5 per cent bonds of the Columbus Connecting & Terminal Railroad Company which matured January 1, 1922.

Applicant's first consolidated mortgage made to the Mercantile Trust Company, trustee (Bankers Trust Company, successor trustee), under date of October 22, 1896, provides in paragraph (b), section 3, of article 1 that if the applicant pay to the trustee on, after, or within eight months prior to the maturity of certain underlying bonds, cash sufficient to pay all or any part of such bonds, the trustee shall certify and deliver to the applicant \$1,000 of first consolidated mortgage 4 per cent bonds for each \$900 of cash so received.

On January 1, 1922, \$600,000 of the Columbus Connecting & Terminal Railroad Company's first-mortgage 5 per cent bonds, which were included in applicant's first consolidated mortgage as an underlying issue, became due and payable. The applicant delivered to the trustee sufficient cash to pay all of these bonds, and in accordance with the terms of the mortgage received \$666,000 of consolidated-mortgage 4 per cent bonds, maturing October 1, 1996. Author-

ity is now sought to issue and sell these bonds at not less than 90 per cent of par, the proceeds to be used solely to reimburse applicant's treasury for this expenditure. No arrangements for the sale of the bonds have been made, but applicant states that the selling commission will not exceed 0.15 per cent. On this basis the cost to the applicant will not exceed $4\frac{1}{2}$ per cent per annum. Under the terms of the first consolidated mortgage, applicant covenants that it will sell only a sufficient amount of the bonds delivered to it to reimburse its treasury for the amount of cash actually delivered to the trustee, and that it will return to the trustee for cancellation any surplus of such bonds remaining after applicant's treasury has been so reimbursed.

We find that the proposed issue and sale of bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Norfolk & Western Railway Company be, and it is hereby, authorized to issue not to exceed \$666,000, principal amount, of first consolidated mortgage bonds under and pursuant to, and to be secured by, the first consolidated mortgage dated October 22, 1896, made by the applicant to the Mercantile Trust Company (Bankers Trust Company, successor); said bonds to bear interest at the rate of 4 per cent per annum, payable semiannually on April 1 and October 1 in each year, and to mature October 1, 1996; said bonds to be sold at such price, not less than 90 per cent of par and accrued interest, that the total annual cost to the applicant, including interest, commissions, and all other expenses of issue and sale, shall not exceed $4\frac{1}{2}$ per cent, and the proceeds thereof used for the purpose set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the issue and sale of said first consolidated mortgage bonds, including discount thereon, and the account or accounts charged therewith; said report to be verified by the oath of an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2240.

CONSOLIDATION OF TELEPHONE PROPERTIES.

IN THE MATTER OF THE JOINT APPLICATION OF THE VALLEY HOME TELEPHONE COMPANY AND THE MICHIGAN STATE TELEPHONE COMPANY FOR A CERTIFICATE AUTHORIZING ACQUISITION OF PROPERTIES OF THE FORMER BY THE LATTER.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

Held, That the acquisition by the Michigan State Telephone Company of the property of the Valley Home Telephone Company will be of advantage to the persons to whom service is to be rendered and in the public interest.
Certificate issued.

C. W. Artz for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

The Valley Home Telephone Company and the Michigan State Telephone Company, hereinafter referred to, respectively, as the Home Company and the Bell Company, on February 20, 1922, filed a joint application pursuant to the provisions of section 5 of the interstate commerce act, as amended by act of Congress approved June 10, 1921, amending section 407 of the transportation act, 1920, for a certificate that the acquisition by the Bell Company of the property of the Home Company will be of advantage to the persons to whom service is to be rendered and in the public interest.

Both applicants own and operate telephone exchanges and toll lines in the counties of Bay, Saginaw, Tuscola, Genesee, Sanilac, and Huron, in the State of Michigan, and the Bell Company also operates throughout the State generally. In a number of municipalities both companies maintain and operate local exchanges, as to which the competitive situation may be shown by the following table, showing subscribers' stations:

City.	Stations of Bell Company.	Stations of Home Company.	Stations common to both companies.	Total stations after unification (estimated).
Saginaw.....	7,723	4,426	1,105	11,044
Bay City.....	5,762	1,799	638	6,923
Frankenmuth.....	278	201	31	449
Flint.....	10,033	38	38	10,033

The Home Company also has 15 other exchanges in the counties named, at none of which is there competition with the Bell Company, although in a number of instances they compete with local companies which have connection with Bell toll lines. The Home Company maintains 9,803 subscriber stations in the entire territory served, as against 23,796 stations of the Bell Company, which, after unification, will serve subscribers to the estimated number of 31,787.

By the terms of a tentative agreement between the applicants, all of the physical properties and assets of the Home Company are to be transferred to the Bell Company at an agreed price of \$1,250,000, which is the value of the properties as found and determined by the Michigan Public Utilities Commission on August 26, 1921, at which date that commission by order approved the transaction and fixed a schedule of rates to be effective upon unification of the competing exchanges. By that order the State commission expressly waived notice of hearing in this proceeding and consented that the application be disposed of without such notice. Upon consummation of the transaction the Bell Company will proceed with the unification of all the competing exchanges, but the local situation is such that very little of the property at the points of duplication will be retired except the duplicate central-office equipment and subscriber stations, all of the outside wire-plant facilities now in service being required to handle the present business.

The balance sheet of the Home Company at the close of the year 1921 showed investment in property to the amount of \$1,383,184.81 and total assets of \$1,447,508.23, capital stock outstanding of the par value of \$853,462.84, unmatured funded debt in the sum of \$200,000, and surplus and reserves of \$97,965.56. Operating revenues for 1921 were \$310,958.14 and operating expenses were \$254,689.92, while taxes, interest deductions, and other minor items reduced net income to \$987.20, as compared with \$14,888.60 for 1920.

An estimate was presented showing the probable net income to be derived from the combined properties as compared with that obtained by the separate properties as now operated, using as the basis of calculation the rates authorized by the State commission for the unified system. According to this estimate, the combined gross revenues of the separate properties, at those rates, would be \$1,113,390 per year and the combined operating expenses \$852,116, leaving \$261,274 available for depreciation and return, but the operating expenses of the Home Company would be 98.6 per cent of its operating revenues, leaving only \$4,376 for depreciation and return, as against \$256,898 for the Bell Company. After unification, however, the gross revenues of the Bell Company, as estimated, would be \$1,151,763 and its operating expenses \$766,730, or \$85,386 less than

the combined operating expenses of the two properties, and the amount available for depreciation and return would be \$385,033. Local opinion, as reflected in the indorsements filed with us, appears to be unanimous that the proposed unified service, afforded at the rate to be put into effect, will be an economic benefit to the telephone-using public, not only at the points where there is now duplication, but also at the noncompetitive exchanges of the Home Company, since subscribers at those exchanges will have the benefit of the wide range of toll service which will be available over the Bell lines. The Bell Company is subject to the interstate commerce act, and, after acquisition of the properties in question, will continue to be so subject.

Upon the facts presented, we find that the proposed acquisition by the Bell Company of the properties of the Home Company will be of advantage to the persons to whom service is to be rendered and in the public interest. A certificate to that effect will be issued.

Certificate of Advantage and Public Interest.

A hearing and investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the acquisition by the Michigan State Telephone Company of the property of the Valley Home Telephone Company, described in said report, will be of advantage to the persons to whom service is to be rendered and in the public interest.

FINANCE DOCKET No. 2252.

IN THE MATTER OF THE APPLICATION OF THE MAX-
TON, ALMA & SOUTHBOUND RAILROAD COMPANY FOR
A LOAN FROM THE UNITED STATES.

Submitted February 25, 1922. Decided March 15, 1922.

Held, That the security offered is not such as to furnish reasonable assurance of applicant's ability to repay the loan sought within the time fixed therefor. Application denied.

A. J. McKinnon for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Maxton, Alma & Southbound Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 25, 1922, made application to us for a loan from the United States under section 210 of the transportation act, 1920, as amended, for a term of five years for the purpose of enabling the applicant to meet its maturing indebtedness and to provide itself with equipment and other additions and betterments.

In the application, the applicant sets forth:

- 1. That the amount of the loan desired is \$84,290.15.
- 2. That the purposes of the loan and the uses for which it will be applied are as follows:

Various short-term notes-----	\$37, 250. 00
Purchase of leased rail-----	37, 040. 15
Purchase of motor car and trailer-----	10, 000. 00
Total -----	84, 290. 15

- 3. The security offered for the loan consists of a five-year first mortgage upon applicant's right of way, track, equipment, income, and all other property owned by it.

The applicant operates 15.2 miles of main-line railroad extending from Rowland to Alma, N. C., at which latter point connection is made with the Seaboard Air Line Railway. The applicant's line forms one side of a triangle of which the Seaboard Air Line, between Alma and Pembroke, and the Atlantic Coast Line, between Pembroke and Rowland, constitute the other two sides. Apparently no part of the

line is more than approximately 7 miles from stations on the trunk-line railroads.

After investigation we find that the public necessity for the applicant's line of railroad is relatively small. We further find that the prospective earning power of the applicant and the character and value of the security offered are not such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States. The application is denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

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FINANCE DOCKET No. 329.

IN THE MATTER OF SETTLEMENT WITH THE BUFFALO,
ROCHESTER & PITTSBURGH RAILWAY COMPANY
UNDER SECTION 209 OF THE TRANSPORTATION
ACT, 1920.

Submitted February 14, 1922. Decided March 17, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Buffalo, Rochester & Pittsburgh Railway Company ascertained to be \$1,754,864.47. An aggregate amount of \$1,693,771.26 having been certified for payment to that company under paragraph (h) and paragraph (g) of said section, as amended by section 212, the amount to be certified as supplemental to final settlement with said company is \$61,093.21. Certificate issued. Previous report, 71 I. C. C., 21.

William T. Noonan for the carrier.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Buffalo, Rochester & Pittsburgh Railway Company, hereinafter termed the carrier, filed with the commission on February 14, 1922, a supplemental claim in the amount of \$61,093.21 as being due it under the provisions of section 209 of the transportation act, 1920, as amended by section 212, said claim being based upon an additional amount due the carrier under the provisions of section 4 of the Federal control act, which was not included in the carrier's original claim by reason of an oversight on its part.

The only adjustment under section 209 affected by this supplemental claim is in connection with section 4 of the Federal control act.

Amount originally claimed as necessary to make good the guaranty.....	\$3, 512, 793. 37
Amount of supplemental claim under section 4, Federal control act.....	61, 093. 21
Total amount claimed.....	3, 573, 886. 58
Net deductions	1, 819, 022. 11
Amount necessary to make good the guaranty.....	1, 754, 864. 47

Certificates have been issued in favor of this carrier under paragraphs (h) and (g) of section 209, as amended by section 212, in the
71 I. C. C.

aggregate amount of \$1,693,771.26.¹ The amount still due the carrier is, therefore, \$61,093.21, for which an appropriate certificate will be issued.

Certificate No. A-617 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Buffalo, Rochester & Pittsburgh Railway Company, a corporation of the States of New York and Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$61,093.21 is due the carrier in addition to any other sum or sums heretofore certified in its favor under paragraphs (h) and (g) of said section 209, in order to make good to it the guaranty provided by said section 209.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 17th day of March, 1922.

¹ See 71 I. C. C., 21.

71 I. C. C.

FINANCE DOCKET No. 431.

IN THE MATTER OF SETTLEMENT WITH THE RECEIVER OF THE DENVER & RIO GRANDE RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 7, 1922. Decided March 17, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Denver & Rio Grande Railroad Company (A. R. Baldwin, receiver) ascertained to be \$1,415,453.32. An amount of \$987,500 having been certified as partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$477,953.32. Certificate issued.

A. R. Baldwin for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Denver & Rio Grande Railroad Company (A. R. Baldwin, receiver), hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the States of Colorado and Utah. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in

arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$1,415,453.32, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$2, 078, 845. 63
One-half amount of annual compensation under Federal control act named in contract.....	4, 027, 130. 08
Increase in compensation under section 4 of the Federal control act.....	46, 422. 20
Total amount claimed.....	<u>1, 994, 706. 65</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$8, 174, 098. 37
Amount allowed for maintenance of way and structures and for maintenance of equipment.....	7, 505, 545. 04
Deduction for maintenance.....	668, 553. 33
Add net effect of unaudited items estimated by us and agreed to by the carrier under section 212 (b) of the transportation act, 1920.....	89, 300. 00
Net deduction.....	<u>579, 253. 33</u>

Amount necessary to make good the guaranty..... 1, 415, 453. 32

A certificate for partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$937,500 has been issued by us in favor of the carrier under date of June 23, 1921. The amount still due the carrier is, therefore, \$477,953.32, for which an appropriate certificate will be issued. The receiver has been duly authorized by the court having jurisdiction of the receivership to effect such settlement.

Certificate No. A-616 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Denver & Rio Grande Railroad Company (A. R. Baldwin, receiver), a corporation of the States of

Colorado and Utah, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$1,415,453.32 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as a partial payment to said carrier under section 209 (g), as amended by section 212, an amount of \$937,500 under certificate No. 530, dated June 23, 1921.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the partial payment heretofore certified under section 209 (g), as amended by section 212, is \$477,953.32.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 17th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2273.

IN THE MATTER OF THE APPLICATION OF THE ERIE RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted March 7, 1922. Decided March 17, 1922.

1. Authority granted to sell not exceeding \$5,000,000 of Erie Railway Company consolidated-mortgage 7 per cent extended bonds, at such price or prices as to make the average cost to the applicant not exceed 7.3 per cent per annum to maturity, including all costs of negotiation and sale.
2. Authority granted to pledge not exceeding \$2,500,000 of said bonds, pending the sale thereof, as security for any short-term note or notes of like principal amount which may be issued to the War Finance Corporation upon proper authorization.
3. Authority granted to pledge not exceeding \$19,217,000 of general-lien 4 per cent bonds, and not exceeding \$8,372,000 of series-D, and not exceeding \$440,000 of series-B, 4 per cent convertible 50-year gold bonds, as security for a one-year 6 per cent note or notes for \$10,000,000 payable on demand after one year from date thereof, which may be issued to the War Finance Corporation upon proper authorization.
4. Authority granted to pledge not exceeding \$8,000,000 of refunding and improvement mortgage 20-year 6 per cent gold bonds and not exceeding \$600,000 of Columbus & Erie Railroad Company first-mortgage 50-year 5 per cent gold bonds, as substituted partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

George F. Brownell for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act (1) to sell not exceeding \$5,000,000 of Erie Railway Company consolidated-mortgage 7 per cent extended bonds at such price or prices as to cost the applicant on the average not to exceed 7.3 per cent per annum to maturity, including all costs of negotiation and sale; (2) to pledge, of said bonds, not exceeding \$2,500,000 pending the sale thereof, as security for a short-term note or notes of like principal amount, which may be issued to the War Finance Corporation; (3) to pledge, of general-lien 4 per cent bonds, not exceeding \$19,217,000, and not exceeding \$8,372,000 of

series-D. and not exceeding \$440,000 of series-B 4 per cent convertible 50-year gold bonds as security for a one-year 6 per cent note or notes for \$10,000,000 payable on demand after one year from the date thereof, which may be issued to the War Finance Corporation; and (4) to pledge not exceeding \$8,000,000 of refunding and improvement mortgage 20-year 6 per cent gold bonds and not exceeding \$600,000 of Columbus & Erie Railroad Company first-mortgage 50-year 5 per cent gold bonds, as substituted partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended. No objection to the granting of the application has been presented to us.

On April 1, 1922, there will mature \$15,000,000 of the applicant's three-year 6 per cent gold notes, of which \$12,753,000 is held by the War Finance Corporation to secure advances made to the applicant and the remaining \$2,247,000 is held by the public.

To provide in part for the maturity of these notes, the applicant proposes to sell \$5,000,000 of Erie Railway Company consolidated-mortgage 7 per cent extended bonds, issued under and pursuant to and secured by the first consolidated mortgage dated September 1, 1870, made by the Erie Railway Company to the Farmers' Loan & Trust Company, of New York, trustee, all of the bonds being dated September 1, 1870, and extended to mature on September 1, 1930, by virtue of a contract made with the holders thereof dated September 1, 1920. These \$5,000,000 of bonds are now pledged with the Secretary of the Treasury as part security for a loan of \$8,000,000 to the applicant from the United States under section 210 of the transportation act, 1920, as amended, which was approved by our certificate No. 19, in *Loan to Erie R. R.*, 65 I. C. C., 134. Other security for that loan will be substituted as hereinafter set forth. It is proposed to sell these bonds at such price or prices that the net cost to the applicant, including all costs of negotiations and sale, will not exceed 7.3 per cent per annum to maturity. No contracts, underwritings, or other arrangements for the sale of these bonds have been finally concluded and the applicant may be unable to sell the entire \$5,000,000 of bonds at this time, but it expects to dispose of \$2,500,000 of bonds on the above basis, as soon as authorized by us, and to arrange for the sale at an early date of the remaining bonds. The applicant represents that the terms of sale are the best obtainable. The proceeds of the sale of the \$5,000,000 of bonds will be used to pay off and discharge the \$2,247,000 of outstanding three-year notes now held by the public and \$2,753,000 of those held by the War Finance Corporation. Any shortage of proceeds due to the sale of the bonds at a price less than par will be supplied by the applicant from other funds in its treasury.

To provide for the maturity of the remaining three-year gold notes, the applicant proposes to issue \$10,000,000 of its promissory notes, to be dated April 1, 1922, payable on demand after one year from date thereof, and to bear interest at the rate of 6 per cent per annum. A further amount of not to exceed \$2,500,000 of short-term notes will be issued April 1, 1922, pending the sale of such of the \$5,000,000 of Erie Railway Company consolidated-mortgage extended bonds as are not sold prior to that date. Authority to issue the notes to the War Finance Corporation has not as yet been requested by the applicant. In no event will a greater face amount of such additional notes be issued than of bonds remaining to be sold. Upon the ultimate sale of the \$2,500,000 of bonds which the applicant may be unable to sell at this time, the proceeds will be used as above stated to retire a like amount of these short-term notes. All of the notes will be issued directly to the War Finance Corporation, which now holds \$12,753,000 of the applicant's three-year gold notes which mature April 1, 1922. To the extent that such notes are so delivered to the War Finance Corporation, they will extend and renew a like principal amount of the three-year gold notes. Of the three-year gold notes held by the War Finance Corporation, \$253,000 will be retired by the immediate sale of bonds as hereinbefore stated.

The applicant proposes to pledge as security for the additional short-term notes of an aggregate amount not exceeding \$2,500,000, which may be temporarily delivered to the War Finance Corporation, a like amount of Erie Railway Company consolidated-mortgage extended bonds, until such time as the sale of those bonds has been effected. As security for the \$10,000,000 of one-year demand notes, which it will issue to the War Finance Corporation, the applicant proposes to pledge \$19,217,000 of its general-lien 4 per cent bonds, dated December 10, 1895, maturing January 1, 1996, issued under and pursuant to and secured by the first consolidated mortgage deed dated December 10, 1895, made by the applicant to the Farmers' Loan & Trust Company, of New York, trustee; and \$8,372,000 of series-D and \$440,000 of series-B 4 per cent convertible 50-year gold bonds, dated April 1, 1903, maturing April 1, 1953, issued under and pursuant to and secured by the general mortgage, dated April 1, 1903, made by the applicant to the Standard Trust Company of New York, trustee, and supplemental indenture dated March 15, 1916, made by the applicant to the Guaranty Trust Company of New York, successor trustee.

The applicant further proposes to pledge certain bonds of an aggregate principal amount of \$8,600,000 as part security for the \$8,000,000 loan to the applicant from the United States under sec-

tion 210 of the transportation act, 1920, as amended, in substitution for the \$5,000,000 of the Erie Railway Company consolidated-mortgage 7 per cent extended bonds to be sold as proposed in this proceeding. The bonds to be so substituted are \$1,470,000 of series-A and \$6,530,000 of series-B refunding and improvement mortgage 20-year 6 per cent gold bonds issued under and pursuant to and secured by the refunding and improvement mortgage dated December 1, 1916, made by the applicant to the Bankers Trust Company, of New York, trustee, as amended by a supplement thereto, dated April 1, 1918; and \$600,000 of Columbus & Erie Railroad Company first-mortgage 50-year 3 per cent gold bonds issued under and pursuant to and secured by the first mortgage dated June 1, 1917, made by the Columbus & Erie Railroad Company to the United States Mortgage & Trust Company, of New York, trustee. The release from pledge with the Secretary of the Treasury of the \$5,000,000 of Erie Railway Company consolidated-mortgage 7 per cent extended bonds and the substitution of security as above set forth have been authorized by our certificate amending certificate No. 19, in *Loan to Erie R. R.*, 71 I. C. C., 221.

All of the bonds proposed to be pledged in this proceeding are either held by the applicant in its treasury or are now pledged as security for loans.

We find that the proposed sale and pledge of bonds by the applicant as aforesaid (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Erie Railroad Company be, and it is hereby, authorized to issue not exceeding \$5,000,000, principal amount, of Erie Railway Company consolidated-mortgage extended bonds (now pledged with the Secretary of the Treasury as part security for a loan from the United States under section 210 of the transportation act, 1920, as amended, and to be released from said pledge pursuant to the authority granted by this commission's amendment to certifi-

cate No. 19, in Finance Dockets Nos. 954 and 2212) ; said bonds being dated September 1, 1920, bearing interest at the rate of 7 per cent per annum, payable March 1 and September 1 in each year, and maturing by extension on September 1, 1930 ; said bonds to be sold at such price or prices that the average cost to the applicant will not exceed 7.3 per cent per annum to maturity, including all costs of negotiation and sale of the bonds, and the proceeds of said sale to be used by the applicant in part payment and retirement of a like face amount of the applicant's three-year 6 per cent secured gold notes, now outstanding, which mature on April 1, 1922, or of any short-term notes which may be given in retirement of said three-year 6 per cent secured gold notes ; and pending the sale of the full amount thereof as herein authorized, not exceeding \$2,500,000, principal amount, of said bonds to be pledged as security for any short-term note or notes of like face amount, which may be issued to the War Finance Corporation upon authorization by this commission, to retire a like face amount of the applicant's three-year 6 per cent secured gold notes maturing April 1, 1922, now held by said War Finance Corporation.

It is further ordered, That the Erie Railroad Company be, and it is hereby, authorized to issue not exceeding \$19,217,000, principal amount, of general-lien bonds, dated December 10, 1895, bearing interest at the rate of 4 per cent per annum, and maturing January 1, 1996, and not exceeding \$8,372,000, principal amount, of series-D and not exceeding \$440,000, principal amount, of series-B convertible 50-year gold bonds, dated April 1, 1903, bearing interest at the rate of 4 per cent per annum and maturing April 1, 1953 ; all of said bonds to be pledged as security for a one-year 6 per cent note or notes for \$10,000,000, face amount, payable on demand after one year from date thereof, which may be issued to the War Finance Corporation upon proper authorization by this commission to retire a like face amount of the applicant's three-year 6 per cent secured gold notes maturing April 1, 1922, now held by said War Finance Corporation.

It is further ordered, That the Erie Railroad Company be, and it is hereby, authorized to issue \$1,470,000, principal amount, of series-A and \$6,530,000, principal amount, of series-B refunding and improvement mortgage 20-year gold bonds ; said series-A bonds being dated November 1, 1917, and maturing November 1, 1937, and said series-B bonds being dated June 1, 1918, and maturing June 1, 1938, and both series of bonds bearing interest at the rate of 6 per cent per annum ; and \$600,000, principal amount, of Columbus & Erie Railroad Company first-mortgage 50-year gold bonds, dated June 1, 1917, bearing interest at the rate of 5 per cent per annum, and maturing June 1, 1967 ; all of said bonds to be pledged with the Secretary of the Treasury as security in part for a loan to the

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
<i>Additions and betterments to way and structures—Contd.</i>			
Shop machinery—Continued.			
Shaftings and fittings.....	\$250. 00	.....	\$250. 00
Belting.....	150. 00	.....	150. 00
Freight on above machinery.....	700. 00	.....	700. 00
Concrete machine foundations.....	350. 00	.....	350. 00
Installations.....	200. 00	.....	200. 00
Additional passing track:			
Hart, Tex.....	5,396. 86	\$3,252. 39	2,144. 47
Ricks, Tex.....	3,986. 67	2,295. 43	1,691. 24
Total.....	154,159. 29	5,547. 82	148,611. 47

4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.

5. That the security offered is \$186,000 of applicant's 10-year 6 per cent first-mortgage gold bonds, due 1931.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant properly to meet the transportation needs of the public without interruption.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of a loan of \$111,450 by the United States, for the purposes hereinabove set forth, upon the condition that the applicant itself shall finance the approximate sum of \$37,160 for said purposes, is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

One of the conditions of the loan will be that none of the applicant's assets shall be used for the purpose of extending its line of railroad while any part of the loan shall remain unpaid.

An appropriate certificate will be issued.

71 I. C. C.

Certificate No. 129 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$111,450 in four parts, as hereinafter set forth, by the United States to the Cisco & Northeastern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in providing itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$111,450.

4. That the time from the making of the first part thereof within which the loan is to be repaid in full is nine years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be made in four equal parts, as nearly as may be, on May 1, July 1, August 1, and October 1, 1922, and shall be secured when and as the parts thereof are made by the pledge, pro rata, of \$140,000, principal amount, of applicant's first-mortgage 10-year 6 per cent gold bonds, due 1931, issued under an indenture of mortgage or deed of trust, dated July 1, 1921, executed and delivered by the applicant to the Guardian Trust Company, as trustee. Said bonds are in definitive coupon form having coupons due July 1, 1922, and all subsequent coupons attached, are in denomination of \$1,000, and are numbered 485 to 624, inclusive.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The collateral security shall be released proportionately as parts of the loan are repaid, and the Secretary of the Treasury,

applicant from the United States under section 210 of the transportation act, 1920, as amended, in substitution for the \$5,000,000, principal amount, of Erie Railway Company consolidated-mortgage extended bonds hereinbefore authorized to be sold and pledged.

It is further ordered, That, except as herein authorized to be sold or pledged, none of the bonds herein referred to shall be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant, within 10 days thereafter, respectively, shall report to this commission all pertinent facts relating to (1) the sale of said Erie Railway Company consolidated-mortgage bonds; (2) the application of the proceeds of such sale; (3) the retirement of said three-year 6 per cent secured gold notes; (4) the pledge of any bonds as herein authorized; and (5) the release of said bonds from pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to any of said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2241.

IN THE MATTER OF THE APPLICATION OF THE CISCO &
NORTHEASTERN RAILWAY COMPANY FOR A LOAN
FROM THE UNITED STATES TO PROVIDE ADDITIONS
AND BETTERMENTS.

Submitted February 20, 1922. Decided March 20, 1922.

Application granted and loan of \$111,450 approved for the purpose of aiding the carrier in providing itself with additions and betterments to way and structures.

R. Q. Lee for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Cisco & Northeastern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 20, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to aid it in providing itself with additions and betterments.

In the application, the applicant sets forth:

1. That the amount of the loan desired is \$148,600.
2. That the term for which the loan is desired is nine years.
3. That the purposes of the loan and the uses to which it will be applied are as hereinbelow set forth:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
<i>Additions and betterments to way and structures.</i>			
Ballast:			
Train service, 122 days, at \$45.56 per day.....	\$5,558.32	.....	\$5,558.32
44,800 cubic yards, at \$2.06 per yard.....	92,288.00	.....	92,288.00
Tracklaying, surfacing, and placing ballast:			
44,800 cubic yards, at \$0.354 per yard.....	15,860.00	.....	15,860.00
Engineering.....	2,274.13	.....	2,274.13
5 per cent for contingencies.....	5,685.31	.....	5,685.31
Shops and engine houses.....	12,500.00	.....	12,500.00
Shop machinery:			
Combination planer and shaper.....	1,600.00	.....	1,600.00
36-inch lathe.....	3,625.00	.....	3,625.00
Radial drill.....	1,550.00	.....	1,550.00
Screw machine.....	1,150.00	.....	1,150.00
Drop-pit jack.....	550.00	.....	550.00
Oil forge.....	75.00	.....	75.00
Air compressor.....	200.00	.....	200.00
Air motor.....	150.00	.....	150.00
Air hammer.....	60.00	.....	60.00

with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing, dated the 20th day of March, 1922, filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the applicant in connection with the loan shall be so financed that the cost to the applicant of any loans secured from sources other than the United States shall not exceed 8 per cent per annum, including in such costs discounts, attorneys' fees, and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; (3) the applicant shall furnish the commission on or about July 1, 1922, and January 1, 1923, the detailed certificate, under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments, together with the entire amount to be financed by the applicant for additions and betterments, shall have been expended or definitely obligated for purposes for which loaned, or the entire loan for additions and betterments shall be repaid to the United States, on or before January 1, 1923; and (4) none of the applicant's assets shall be used for the purpose of extending its line of railroad unless and until the entire loan shall have been repaid in full. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 30th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 956.

IN THE MATTER OF THE APPLICATION OF THE FERNWOOD, COLUMBIA & GULF RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted February 28, 1922. Decided March 21, 1922.

Upon supplemental application in respect of a loan for maturing indebtedness and additions and betterments, and consideration thereof, authority granted to apply the unexpended balance of the loan in respect of additions and betterments to new purposes. Former report, 67 I. C. C., 402.

J. M. Fush for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On April 26, 1921, we issued our report and certificate No. 87 to the Secretary of the Treasury, 67 I. C. C., 402, approving the making of a loan of \$33,000 by the United States to the Fernwood, Columbia & Gulf Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant in meeting its maturing indebtedness and in providing itself with additions and betterments to way and structures.

On February 28, 1922, the applicant made application to us for authority to apply an unexpended balance in respect of the loan for additions and betterments of \$625 on the item of passing tracks to the work of rebuilding trestles with creosoted timber.

After investigation, we find that the diversion, in part, of the proceeds of the loan, as aforesaid, is necessary to enable the applicant properly to meet the transportation needs of the public, and said diversion is hereby approved.

71 I. C. C.

FINANCE DOCKET No. 1022.

IN THE MATTER OF THE APPLICATION OF THE TENNESSEE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted March 18, 1922. Decided March 21, 1922.

Held, That upon the record it is not shown that the security offered in repayment of the loan requested is adequate. Application denied.

J. N. Baker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Tennessee Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 21, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to provide itself with additions and betterments to way and structures.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$100,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are as hereinbelow set forth:

Rails	\$35, 000
Filling trestles	20, 000
Crossties	25, 000
Depot and office buildings	3, 000
Shop building	1, 500
Culvert pipe	5, 000
Tie-plates	10, 500
Total	100, 000

4. That the security offered consists of a second-mortgage lien upon the applicant's property.

5. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to handle the output from certain proposed coal and lumber developments, and

FINANCE DOCKET No. 956.

IN THE MATTER OF THE APPLICATION OF THE FERNWOOD, COLUMBIA & GULF RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN PROVIDING ADDITIONS AND BETTERMENTS.

Submitted February 28, 1922. Decided March 21, 1922.

Upon supplemental application in respect of a loan for maturing indebtedness and additions and betterments, and consideration thereof, authority granted to apply the unexpended balance of the loan in respect of additions and betterments to new purposes. Former report, 67 I. C. C., 402.

J. M. Fush for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

On April 26, 1921, we issued our report and certificate No. 87 to the Secretary of the Treasury, 67 I. C. C., 402, approving the making of a loan of \$33,000 by the United States to the Fernwood, Columbia & Gulf Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant in meeting its maturing indebtedness and in providing itself with additions and betterments to way and structures.

On February 28, 1922, the applicant made application to us for authority to apply an unexpended balance in respect of the loan for additions and betterments of \$625 on the item of passing tracks to the work of rebuilding trestles with creosoted timber.

After investigation, we find that the diversion, in part, of the proceeds of the loan, as aforesaid, is necessary to enable the applicant properly to meet the transportation needs of the public, and said diversion is hereby approved.

71 I. C. C.

FINANCE DOCKET No. 1022.

IN THE MATTER OF THE APPLICATION OF THE TENNESSEE RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted March 18, 1922. Decided March 21, 1922.

Held, That upon the record it is not shown that the security offered in repayment of the loan requested is adequate. Application denied.

J. N. Baker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Tennessee Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on June 21, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to provide itself with additions and betterments to way and structures.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$100,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are as hereinbelow set forth:

Rails	\$35, 000
Filling trestles.....	20, 000
Crossties	25, 000
Depot and office buildings.....	3, 000
Shop building.....	1, 500
Culvert pipe	5, 000
Tie-plates	10, 500
Total.....	100, 000

4. That the security offered consists of a second-mortgage lien upon the applicant's property.

5. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to handle the output from certain proposed coal and lumber developments, and

thus enable the applicant properly to serve the transportation needs of the public.

At the time of the filing of the application representations were made to us by certain interests engaged in the coal and mining industry along the line of the applicant's railroad, looking to the making of a loan. We have made repeated requests upon the applicant for a further showing as to the merits of the application in the light of the findings required by the statute as prerequisite to making of a loan. The application has been neither supplemented nor amended in this regard.

After investigation, we find that the prospective earning power of the applicant, together with the character and value of the security offered for the proposed loan, does not afford reasonable assurance of the applicant's ability to repay the loan and to meet its other obligations in connection therewith, and reasonable protection to the United States; and that, therefore, the application must be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1579.

IN THE MATTER OF THE APPLICATION OF THE ASHER-
TON & GULF RAILWAY COMPANY FOR AUTHORITY
TO ISSUE BONDS.

Submitted January 21, 1922. Decided March 21, 1922.

Proposed issue of bonds not shown to be in the public interest. Application dismissed.

T. S. Johnson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Asherton & Gulf Railway Company, a common carrier by railroad engaged in interstate commerce, on September 7, 1921, applied for authority under section 20a of the interstate commerce act to issue \$436,000 of first-mortgage bonds.

Applicant proposes to use the proceeds from \$44,000 of the bonds for the construction of an extension from Asherton to Carrizo Springs, Tex., and to issue and deliver \$892,000 at par to the estate of A. Richardson in satisfaction of an indebtedness thereto for advances amounting to \$392,123.07 made by Richardson for the construction of applicant's road.

The details of the estimated cost of the proposed extension have not been supplied, neither has an application for a certificate of public convenience and necessity been filed.

The investment in road and equipment as of June 30, 1921, is shown to be \$373,108.20. The amount of capital stock outstanding is \$32,200. The proposed issue of bonds exceeds the investment in road and equipment. The indebtedness to the Richardson estate includes \$51,224 of interest, accrued since January 1, 1917.

The disparity between the capital assets and capital liabilities, if the bonds are issued, was brought to the applicant's attention. In justification of such difference, the applicant relies upon a valuation of its properties by the Railroad Commission of Texas, fixed as of March 26, 1913, to be \$468,410.84. It is not shown, however, that this valuation is applicable to present conditions or that it represents assets properly subject to capitalization.

Applicant's attention was also called to the high ratio which would arise between stocks and bonds should the proposed amount of bonds

be issued. It was suggested that capital stock be issued in satisfaction of a portion of the indebtedness, but the applicant has not amended its application in this respect or expressed an intention of doing so. A satisfactory showing of its ability to earn the interest on the proposed issue of bonds has not been made. The inquiries contained in our several letters pertaining to the application, the last one being dated January 24, 1922, remain unanswered.

Upon the record submitted we are unable to make the findings necessary to grant the application, which will therefore be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application of the Asherton & Gulf Railway Company be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 2234.

IN THE MATTER OF THE APPLICATION OF THE RECEIVERS OF THE CHICAGO, PEORIA & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE RECEIVERS' CERTIFICATES.

Submitted February 20, 1922. Decided March 21, 1922.

Authority granted to issue \$335,000 of receivers' certificates; said certificates to be sold at not less than par and the proceeds used to pay indebtedness incurred in the operation of the property.

P. B. Warren for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

Bluford Wilson and William Cotter, receivers of the Chicago, Peoria & St. Louis Railroad Company, acting as a common carrier by railroad engaged in interstate commerce, have duly applied for authority under section 20a of the interstate commerce act to issue \$335,000 of receivers' certificates for the purpose of providing funds to pay off indebtedness incurred by them in the operation of the properties. An objection to this application has been filed in behalf of the Bankers Trust Company, trustee under the general and refunding mortgage dated January 2, 1913, representing that the issuance of the certificates, the authority for which is herein sought, having a lien upon the railroad superior to any other indebtedness, except the now outstanding receivers' certificates, would be prejudicial and inimical to the interest of the trustee and the holders of the bonds. No other objection to the granting of the authority requested has been presented to us.

By an order dated July 31, 1914, in the case of the Bankers Trust Company against the Chicago, Peoria & St. Louis Railroad Company, in the Circuit Court of Sangamon County, Ill., Bluford Wilson and William Cotter were appointed receivers of the property of the Chicago, Peoria & St. Louis Railroad Company. By an order dated July 1, 1920, in the case of the Equitable Trust Company, of New York, against the Chicago, Peoria & St. Louis Railroad Company, and Bluford Wilson and William Cotter, as receivers of the Chicago, Peoria & St. Louis Railroad Company, and the Bankers Trust Company, as trustee, in the Circuit Court of Sangamon County,

Ill., in chancery No. 37304, said Wilson and Cotter were appointed receivers in said cause No. 37304, and the receivership theretofore existing extended.

By an order dated February 13, 1922, in said chancery cause No. 37304, a copy of which was filed with the application, the receivers were authorized to issue \$335,000 of certificates of indebtedness, which are to be dated as of the date of delivery and to be payable one year after date, with interest at the rate of 7 per cent per annum until paid. The certificates are to be sold at par and the proceeds used in the payment of indebtedness incurred by the receivers in the operation of the property in their possession.

The receivers are officers of the court and are acting under the authority of the court. While it is within our province to give the authorization and consent under section 20a of the interstate commerce act, it is not to be understood that by giving such authority we pass upon or in anywise determine or affect the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens.

We find that the proposed issue of receivers' certificates by the applicants (a) is for a lawful object within the duly authorized purposes of the receivers, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as a common carrier, and which will not impair their ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

COMMISSIONER EASTMAN dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That Bluford Wilson and William Cotter, receivers of the Chicago, Peoria & St. Louis Railroad Company, be, and they are hereby, authorized to issue not exceeding \$335,000, principal amount, of their receivers' certificates, pursuant to and in accordance with an order entered on February 13, 1922, in the Circuit Court of Sangamon County, Ill., in cause in chancery No. 37304; said certificates to be dated as of the date issued, to be payable one year from their date, and to bear interest at the rate of 7 per cent per annum until paid; said certificates to be sold at not less than par, and the proceeds used for the purpose set forth in said report.

71 I. C. C.

It is further ordered, That, except as herein authorized, said receivers' certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicants, unless and until so ordered by this commission.

It is further ordered, That, on or before April 1, 1922, the applicants shall report to this commission all pertinent facts relating to the issue and sale of said certificates and the use of the proceeds; such report to be signed and verified by the receivers or either of them.

And it is further ordered, That nothing herein shall be construed to imply any representation, guaranty, or obligation as to said receivers' certificates, or interest thereon, or rights thereunder, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2260.

IN THE MATTER OF THE APPLICATION OF THE NORTH-EAST OKLAHOMA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted February 28, 1922. Decided March 21, 1922.

Held, That upon the record it is not shown that the loan requested is necessary to meet public transportation needs or that the security offered is adequate. Application denied.

H. B. Cobban for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Northeast Oklahoma Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 28, 1922, made application to us for a loan of \$500,000 from the United States under section 210 of the transportation act, 1920, as amended, for a term of five years for the purpose of enabling it to meet its maturing indebtedness.

The security offered for the proposed loan is a first-mortgage lien proposed to be created upon the applicant's entire road and equipment.

The applicant operates about 13 miles of main line in Ottawa County, Okla., connecting with the St. Louis-San Francisco and the Kansas, Oklahoma & Gulf at Miami, Okla., and extending in a northerly direction to Century, Okla. The applicant's line is nowhere more than 5 miles from these other roads.

After investigation, we find that the making of the proposed loan by the United States, for the aforesaid purposes, is not necessary to enable the applicant properly to meet the transportation needs of the public.

We further find that the prospective earning power of the applicant, and the character and value of the security offered, are not such as to afford reasonable assurance of the applicant's ability to repay the proposed loan, and reasonable protection to the United States.

Therefore, the application must be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.
71 I. C. C.

FINANCE DOCKET No. 999.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN ACQUIRING EQUIPMENT AND ADDITIONS AND BETTERMENTS.

Submitted March 21, 1922. Decided March 22, 1922.

Upon supplemental application in respect of the loan for additions and betterments and consideration thereof, authority granted to eliminate certain items from purposes of loan, to offset unexpended balances against excess costs in expenditures, to use net unexpended balances for specific other purposes, and to apply specified amounts to specified projects not originally included in the purposes of the loan. Former reports 65 I. C. C., 503, and 70 I. C. C., 809.

Albert H. Harris for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

On December 22, 1920, we issued our report and certificate No. 53 to the Secretary of the Treasury, 65 I. C. C., 503, approving the making of a loan of \$26,775,000 by the United States to the New York Central Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of aiding the applicant and certain of its subsidiary companies in providing themselves with equipment and other additions and betterments.

On December 28, 1921, we issued a supplemental report and amendment to certificate No. 53 to the Secretary of the Treasury, 70 I. C. C., 809, in which we extended the time within which the applicant shall expend or definitely obligate the loan in respect of additions and betterments from January 1, 1922, to July 1, 1922. In our supplemental report we found that the purposes which will be the basis of future reports of progress by the applicant necessary to enable the applicant and its subsidiary companies properly to meet the transportation needs of the public were as enumerated therein.

In a supplemental application dated March 4, 1922, the applicant states—

• • • that it had developed that a portion of the proceeds of that part of the loan represented by the Company's note for \$11,925,000 could not be used
71 I. C. C.

for the purposes for which loaned and that the Company wished to repay such moneys, together with an additional sum loaned for expenditures which it will be convenient to finance outside of the loan, the amount of the proposed payment being \$1,000,000.

The Company on yesterday paid this \$1,000,000 upon the \$11,925,000 note and thereupon secured the release from pledge of \$1,000,000 of its Refunding and Improvement Mortgage bonds, Series B, which were included in the \$5,500,000 of such bonds originally pledged as part of the collateral security for the note. This \$1,000,000 of bonds has been cancelled.

and request is made in said supplemental application that the following items for the New York Central Railroad set forth in our supplemental report of December 28, 1921, be eliminated from the purposes of the loan:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Port Morris, replace 5,000 kw. with 20,000 kw. generator....	\$717,000	.....	\$717,000
New York City, tractor trailers at freight house.....	14,504	.....	14,504
West New York, N. J., connections with New Jersey Junction R. R.....	446,317	\$268,461	177,856
Britton, new passing siding.....	21,480	.....	21,480
Gibson, new brick flue shop (in part).....	13,050	.....	13,050
Latimer to Doughton, electric-route locking circuits.....	16,251	.....	16,251
Lansing, 3 storage tracks.....	10,503	.....	10,503
Woodstock, tracks.....	13,100	.....	13,100
Sheff, additional interchange tracks.....	6,950	.....	6,950
Carson to Thorn Hill, electric route and detector circuits (in part).....	9,306	.....	9,306
Total.....	1,268,461	268,461	1,000,000

We have been notified by the Secretary of the Treasury that the repayment of \$1,000,000, referred to in applicant's letter of March 4, 1922, was made on March 3, 1922.

That part of the loan in respect of the Kanawha & Michigan Railway Company, one of the subsidiary companies of the applicant, was set forth in our supplemental report of December 28, 1921; as follows:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Additions and betterments to way and structures:			
Hobson, Ohio, to Meigs, Ohio, low-grade line.....	\$677,000	\$457,500	\$219,500
Burr Oak, passing-track extension.....	5,000	.....	5,000
Stalter, Ohio, passing track.....	6,500	.....	6,500
Total.....	688,500	457,500	231,000
Additions and betterments to equipment:			
Hobson, Ohio, rebuilding 400 gondolas.....	107,300	82,300	25,000
Grand total.....	795,800	539,800	256,000

The applicant in its supplemental application requests that the excess costs on the low-grade line from Hobson to Meigs, Ohio,

amounting to \$2,930.95, be offset against unexpended balances on the passing tracks at Burr Oak and Stalter, Ohio, amounting to a total of \$2,930.95; and that an unexpended balance from rebuilding 400 gondolas of \$7,381.48 be applied to improvements on certain locomotives specified in said supplemental application.

After investigation and informal hearing we find that because of the repayment, by applicant, of \$1,000,000 on account of that part of the loan in respect of the New York Central Railroad Company, represented by the items specified herein, which applicant was able to finance outside of the loan, the elimination of said items from the purposes of the loan is justifiable, and such elimination is hereby authorized.

We further find that the diversion of a part of the proceeds of the loan in respect of the Kanawha & Michigan Railway Company as set forth herein is necessary to enable that company properly to meet the transportation needs of the public and such diversion is hereby authorized.

71 I. C. C.

FINANCE DOCKET No. 2251.

IN THE MATTER OF THE APPLICATION OF THE RECEIVERS OF THE SALINA NORTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted March 20, 1922. Decided March 22, 1922.

Held, That upon the record it is not shown that the security offered for the loan requested is adequate. Application denied.

Henry C. Brent for the applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The receivers of the Salina Northern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicants, on February 23, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable them to meet maturing indebtedness and to provide equipment and other additions and betterments.

In the application the applicants set forth:

1. That the amount of the loan desired is \$308,630.08.
2. That the term for which the loan is desired is 10 years.
3. That the purposes of the loan and the uses to which it will be applied are as follows:

Retirement of receivers' certificates issued under order of court made June 3, 1918, principal.....	\$164, 810. 71
Approximate accrued interest to February 1, 1922.....	42, 044. 19
Payment of receivers' certificates for interline balances and other claims ready for certificates, but for which certificates have not been issued, approximately.....	15, 000. 00
Purchase of three rebuilt locomotives at estimated cost of \$17,500 each, 50 per cent of the above total, balance of the obligation to be carried by equipment certificates.....	26, 250. 00
Purchase of 30 box cars at an estimated cost of \$1,500 each, 40 per cent of the above total, balance to be carried by car equipment certificates.....	18, 000. 00
Construction of new roundhouse to replace present structure.....	10, 000. 00
Purchase of ditching machine.....	7, 500. 00
Liquidation of obligations to foreign railroads.....	25, 025. 18
Total	308, 630. 08

the guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$10,513.78, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period as of August 31, 1920.....	\$5, 830. 39
One-half amount of annual net railway operating income of the test period	17, 805. 82
Total amount claimed.....	11, 975. 43

Adjustments:

Net railway operating income for guaranty period, as claimed	\$5, 830. 39
Net railway operating income for guaranty period, as determined by us.....	5, 917. 54
Deduction	87. 15
Deduction on account of reducing amount of net income for guaranty period due to disproportionate charges for hire of freight cars	1, 374. 50
Total deductions	1, 461. 65

Amount necessary to make good the guaranty..... 10, 513. 78

No amounts have been certified as advances under paragraph (h) or as partial payments under paragraph (g) of section 209, as amended by section 212.

The amount due the carrier is, therefore \$10,513.78, for which an appropriate certificate will be issued.

Certificate No. A-620 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Santa Maria Valley Railroad Company, a corporation of the State of California, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$10,513.78 is the amount

necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 23d day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2196.

IN THE MATTER OF THE APPLICATION OF THE BOSTON
& MAINE RAILROAD FOR A LOAN FROM THE UNITED
STATES TO MEET MATURING INDEBTEDNESS.

Submitted March 18, 1922. Decided March 23, 1922.

Application granted and loan of \$5,000,000 approved for the purpose of meeting at maturity, June 1, 1922, a previous loan of \$5,000,000 made to the applicant pursuant to certificate No. 1 of May 21, 1920.

James H. Hustis for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Boston & Maine Railroad, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 24, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$5,000,000.
2. That the term of the loan desired is 13 years.
3. That the purposes of the loan and the uses to which it will be applied are to enable the applicant to repay at maturity, June 1, 1922, a previous loan of \$5,000,000 made to the applicant under said section 210, pursuant to our certificate No. 1 dated May 21, 1920, to the Secretary of the Treasury, 65 I. C. C., 1.
4. Its present and prospective ability to repay the loan and meet its obligations in regard thereto.
5. That the security is applicant's general-mortgage 6 per cent gold bonds, in an amount equal to the amount of the loan.
6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to secure the funds necessary to meet its maturing obligation, which it can not secure from other sources, thus enabling it to preserve its credit and thereby properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the

propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligations, as we deemed pertinent to the inquiry.

After investigation we find that the making of a loan of \$5,000,000 for the purpose hereinabove set forth is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and the character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

An appropriate certificate will be issued.

COMMISSIONER DANIELS dissents.

Certificate No. 130 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$5,000,000 by the United States to the Boston & Maine Railroad, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$5,000,000.

4. That the time within which the loan is to be repaid in full is 13 years from June 1, 1922.

5. That the terms and conditions of the loan, including the security to be given for repayment are: The loan shall be secured by the pledge of the applicant's general-mortgage 6 per cent gold bonds, series K, due June 1, 1935, in the principal sum of \$5,000,000, issued under an indenture of mortgage dated December 1, 1919, executed and delivered by the applicant to the Old Colony Trust Company of Boston, Mass., and S. Parkman Shaw, jr., as trustees. Said bond,
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which may be registered in the name of the Secretary of the Treasury and received by him as a direct obligation for the loan, is in temporary form and is exchangeable for definitive bonds of the same series, aggregate principal amount, and otherwise of the same tenor as said temporary bond, in the manner authorized by, and subject to the provisions of, the aforesaid indenture of mortgage. Said bond is numbered 1 and is of a principal amount equivalent to the amount of the loan.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 27th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2259.

IN THE MATTER OF THE APPLICATION OF THE SHEARWOOD RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted March 21, 1922. Decided March 23, 1922.

Held, That upon the record it is not shown that the security offered for the loan requested is adequate. Application denied.

J. N. Shearouse for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Shearwood Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on February 27, 1922, made application (amended March 4, 1922) to us for a loan of \$9,500 from the United States under section 210 of the transportation act, 1920, as amended, for a term of 10 years, for the purpose of enabling it to meet maturing indebtedness and provide itself with additions and betterments.

The security offered for the proposed loan is applicant's first-mortgage 30-year 6 per cent gold bonds, due 1949.

The applicant's road is approximately 38 miles long and lies entirely within the State of Georgia, its principal termini being Egypt, Ga., where it connects with the main line of the Central of Georgia Railway, and Claxton and Hagan, Ga., where it connects with the Montgomery division of the Seaboard Air Line Railway. The applicant also has connections at Leland with the Midland Railway and at Brooklet with the Savannah & Statesboro Railway.

After investigation, we find that the prospective earning power of the applicant and the character and value of the security offered, are not such as to afford reasonable assurance of the applicant's ability to repay a loan, and reasonable protection to the United States.

Therefore, the application must be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

FINANCE DOCKET No. 2267.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST AND REFUNDING MORTGAGE BONDS.

Submitted March 2, 1922. Decided March 23, 1922.

Authority granted to issue not exceeding \$2,758,000 of first and refunding mortgage bonds, series C; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The New York, New Haven & Hartford Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue first and refunding mortgage bonds, series C, in such principal amount as may be required for pledge with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended. No objection to the granting of the application has been presented to us.

The applicant's first and refunding mortgage, dated December 9, 1920, was made to the Bankers Trust Company of New York, trustee, to secure the bonds to be issued thereunder and also to secure certain preexisting obligations, including outstanding debentures of the applicant's European loan of 1907, maturing April 1, 1922, in the aggregate principal amount of \$27,582,691.50. By section 4 of article three of the mortgage, bonds in an equal aggregate principal amount are reserved for the purpose of providing for the payment or refunding of these debentures.

By our order dated March 7, 1922, in *Debentures of New York, New Haven & Hartford R. R.*, 71 I. C. C., 215, we authorized the applicant to enter into agreements for the extension of the maturity date of the outstanding debentures from April 1, 1922, to April 1, 1925. The proposed extension will be effective as to only 90 per cent of the principal amount of each debenture. The remaining 10

per cent is to be paid in cash to holders of certificates of deposit issued under the agreement. To enable the applicant to provide itself with funds with which to make such payments, we approved, by our certificate No. 127, dated March 8, 1922, in *Loan to New York, New Haven & Hartford R. R.*, 71 I. C. C. C., 163, a loan from the United States to the applicant under section 210 of the transportation act, 1920, as amended, in the amount of \$2,758,000. As partial security for this loan the applicant is required to pledge \$2,758,000 of first and refunding mortgage bonds issuable under section 4 of article three of the mortgage.

The bonds will be in the form prescribed in the mortgage, will be designated as series C, will bear interest at the rate of 6 per cent per annum, payable semiannually, and will mature March 31, 1942.

We find that the issue of first and refunding mortgage bonds as proposed by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

COMMISSIONER DANIELS dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized to issue not exceeding \$2,758,000, principal amount, of its first and refunding mortgage bonds, series C, under and pursuant to, and to be secured by, the first and refunding mortgage dated December 9, 1920, made by the applicant to the Bankers Trust Company, of New York; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually, and to mature March 31, 1942; said bonds to be pledged with the Secretary of the Treasury as part security for a loan of \$2,758,000 to the applicant from the United States under section 210 of the transportation act, 1920, as amended, as specified in this commission's certificate No. 127, dated March 8, 1922, in Finance Docket No. 2226.

It is further ordered, That, except as herein authorized said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

FINANCE DOCKET No. 2267.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST AND REFUNDING MORTGAGE BONDS.

Submitted March 2, 1922. Decided March 23, 1922.

Authority granted to issue not exceeding \$2,758,000 of first and refunding mortgage bonds, series C; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

E. G. Buckland for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The New York, New Haven & Hartford Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue first and refunding mortgage bonds, series C, in such principal amount as may be required for pledge with the Secretary of the Treasury as partial security for a loan from the United States under section 210 of the transportation act, 1920, as amended. No objection to the granting of the application has been presented to us.

The applicant's first and refunding mortgage, dated December 9, 1920, was made to the Bankers Trust Company of New York, trustee, to secure the bonds to be issued thereunder and also to secure certain preexisting obligations, including outstanding debentures of the applicant's European loan of 1907, maturing April 1, 1922, in the aggregate principal amount of \$27,582,691.50. By section 4 of article three of the mortgage, bonds in an equal aggregate principal amount are reserved for the purpose of providing for the payment or refunding of these debentures.

By our order dated March 7, 1922, in *Debentures of New York, New Haven & Hartford R. R.*, 71 I. C. C., 215, we authorized the applicant to enter into agreements for the extension of the maturity date of the outstanding debentures from April 1, 1922, to April 1, 1925. The proposed extension will be effective as to only 90 per cent of the principal amount of each debenture. The remaining 10

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per cent is to be paid in cash to holders of certificates of deposit issued under the agreement. To enable the applicant to provide itself with funds with which to make such payments, we approved, by our certificate No. 127, dated March 8, 1922, in *Loan to New York, New Haven & Hartford R. R.*, 71 I. C. C. C., 163, a loan from the United States to the applicant under section 210 of the transportation act, 1920, as amended, in the amount of \$2,758,000. As partial security for this loan the applicant is required to pledge \$2,758,000 of first and refunding mortgage bonds issuable under section 4 of article three of the mortgage.

The bonds will be in the form prescribed in the mortgage, will be designated as series C, will bear interest at the rate of 6 per cent per annum, payable semiannually, and will mature March 31, 1942.

We find that the issue of first and refunding mortgage bonds as proposed by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

COMMISSIONER DANIELS dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York, New Haven & Hartford Railroad Company be, and it is hereby, authorized to issue not exceeding \$2,758,000, principal amount, of its first and refunding mortgage bonds, series C, under and pursuant to, and to be secured by, the first and refunding mortgage dated December 9, 1920, made by the applicant to the Bankers Trust Company, of New York; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually, and to mature March 31, 1942; said bonds to be pledged with the Secretary of the Treasury as part security for a loan of \$2,758,000 to the applicant from the United States under section 210 of the transportation act, 1920, as amended, as specified in this commission's certificate No. 127, dated March 8, 1922, in Finance Docket No. 2226.

It is further ordered, That, except as herein authorized said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the pledge of said bonds as herein authorized, and (2) the release of said bonds from pledge; such reports to be signed and verified by an executive officer having knowledge of the matters contained therein.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 66.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, NEW HAVEN & HARTFORD RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES AND TO ISSUE AND PLEDGE EQUIPMENT-TRUST NOTES.

Submitted March 14, 1922. Decided March 24, 1922.

Authority granted to sell \$1,796,000 of equipment-trust notes, class A, the proceeds of such sale to be used toward payment of certain promissory notes. Former reports, 65 I. C. C., 289, and 70 I. C. C., 540.

E. G. Buckland for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

By a supplemental application duly filed in this proceeding on March 14, 1922, the New York, New Haven & Hartford Railroad Company has requested that our order herein dated October 24, 1921, 70 I. C. C., 540, be so amended as to permit the sale of equipment-trust notes, class A, therein authorized to be sold, without compliance with the provision in paragraph 1 of the order that, as a condition precedent to such sale, applicant shall redeem certain of the last four semiannual maturities of the notes, and has applied for authority to sell the notes last mentioned.

At the time the order referred to was entered, applicant proposed to sell at such price that the total cost to it of the sale should not exceed $7\frac{1}{2}$ per cent per annum of the proceeds, the following equipment-trust notes, known as class A, issued under equipment-trust agreement EE with the New England Car Company and the Old Colony Trust Company:

Nos. 137 to 1017, inclusive.	Nos. 1646 to 1710, inclusive.
Nos. 1068 to 1133, inclusive.	Nos. 1761 to 1826, inclusive.
Nos. 1184 to 1248, inclusive.	Nos. 1877 to 1941, inclusive.
Nos. 1299 to 1364, inclusive.	Nos. 1992 to 2057, inclusive.
Nos. 1415 to 1479, inclusive.	Nos. 2108 to 2172, inclusive.
Nos. 1530 to 1595, inclusive.	Nos. 2223 to 2288, inclusive.

The proceeds of the sale were to be used to pay certain promissory notes for which the equipment-trust notes were pledged under authority of our order herein dated October 16, 1920, 65 I. C. C., 289. The arrangement was conditioned upon the redemption by the applicant of the remainder of the equipment-trust notes, aggregating 71 I. C. C.

\$262,000, which were also pledged under authority of that order as security for promissory notes and are as follows:

Nos. 2339 to 2403, inclusive.

Nos. 2570 to 2634, inclusive.

Nos. 2454 to 2519, inclusive.

Nos. 2685 to 2750, inclusive.

The applicant states that, subject to our granting the authority herein requested with respect to the notes of the last four maturities, it has agreed to sell \$1,000,000 of the equipment-trust notes at par and accrued interest, net to itself, and has given an option upon the balance, aggregating, exclusive of the notes due April 1, 1922, \$796,000. The equipment-trust notes maturing April 1, 1922, are numbered 137 to 204, inclusive, and aggregate \$68,000. These will be paid by the applicant at maturity. The proceeds of such of the equipment-trust notes as may be sold will be used toward payment of the promissory notes for which they are pledged.

We find that the proposed sale of equipment-trust notes, class A, by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SECOND SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which supplemental report is hereby referred to and made a part hereof:

It is ordered, That the commission's order herein dated October 24, 1921, be, and it is hereby, modified so that the first ordering paragraph thereof shall read as follows:

It is ordered, That the New York, New Haven & Hartford Railroad Company, having heretofore been authorized by this commission's order dated October 16, 1920, to pledge \$2,000,000 of its equipment-trust notes, class A, as collateral security for loans evidenced by certain promissory notes in a like aggregate amount, of which \$136,000 has been repaid, be, and it is hereby authorized to sell equipment-trust notes, class A, so pledged, aggregating \$1,796,000, numbered as follows:

Nos. 205 to 1017, inclusive.

Nos. 1068 to 1133, inclusive.

Nos. 1184 to 1248, inclusive.

Nos. 1299 to 1364, inclusive.

Nos. 1415 to 1479, inclusive.

Nos. 1530 to 1595, inclusive.

Nos. 1646 to 1710, inclusive.

Nos. 1761 to 1826, inclusive.

Nos. 1877 to 1941, inclusive.

Nos. 1992 to 2057, inclusive.

Nos. 2108 to 2172, inclusive.

Nos. 2223 to 2288, inclusive.

Nos. 2339 to 2403, inclusive.

Nos. 2454 to 2519, inclusive.

Nos. 2570 to 2634, inclusive.

Nos. 2685 to 2750, inclusive.

said equipment notes to be sold at not less than par and accrued interest, so that the total cost to the applicant, including in such cost interest, discounts, commissions, and other expenses of sale in connection therewith, shall not exceed $7\frac{1}{2}$ per cent per annum on the proceeds; the proceeds of such sale to be used exclusively toward the payment of said promissory notes for an aggregate like amount for which said equipment notes are pledged as security.

It is further ordered, That except as herein modified, said order of October 24, 1921, shall remain in full force and effect.

FINANCE DOCKET No. 989.

IN THE MATTER OF THE APPLICATION OF THE MID-
LAND RAILWAY FOR A LOAN FROM THE UNITED
STATES TO MEET MATURING INDEBTEDNESS AND TO
PROVIDE EQUIPMENT AND OTHER ADDITIONS AND
BETTERMENTS.

Submitted March 22, 1922. Decided March 24, 1922.

Held, That upon the record it is not shown that the security offered for the loan requested is adequate. Application denied.

Geo. M. Brinson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Midland Railway, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 12, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness and to provide itself with equipment and other additions and betterments.

In the application the applicant sets forth:

1. That the amount of the loan desired is \$200,000.
2. That the term for which the loan is desired is five years.
3. That the purposes of the loan and the uses to which it will be applied are as hereinbelow set forth:

To pay off floating indebtedness, a large part of which is past due----	\$90, 000
To make payments on new oil-burning locomotives purchased-----	25, 000
To purchase additional rails-----	15, 000
To purchase ties and bridge timbers-----	40, 000
To build depots at Pineora, Portal, Garfield, and Canoochee-----	12, 000
To perform grade-reducing work-----	15, 000
To build new water stations, at Savannah and at Statesboro-----	3, 000
Total -----	200, 000

4. That the security offered is an equal principal amount of the applicant's first-mortgage bonds.

After investigation, we find that the prospective earning power of the applicant, together with the character and value of the security offered for the proposed loan, does not afford reasonable assurance of the applicant's ability to repay the loan and to meet its other obliga-

tions in connection therewith, and reasonable protection to the United States, and that, therefore, the application should be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 1007.

IN THE MATTER OF THE APPLICATION OF THE PECOS VALLEY SOUTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted March 22, 1922. Decided March 24, 1922.

Held, That upon the record it is not shown that the security offered for the loan requested is adequate. Application denied.

L. W. Anderson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Pecos Valley Southern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on July 6, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to provide itself with additions and betterments to way and structures.

In the application, the applicant sets forth:

1. That the amount of the loan desired is \$150,000.
2. That the term for which the loan is desired is three to five years.
3. That the purpose of the loan and the use to which it will be applied are to aid the applicant in paying off and discharging its matured indebtedness amounting to \$175,000.
4. That the security offered is \$400,000 of applicant's first-mortgage bonds.

After investigation, we find that the prospective earning power of the applicant, together with the character and value of the security offered for the proposed loan, does not afford reasonable assurance of its ability to repay the loan and to meet its other obligations in connection therewith, and reasonable protection to the United States, and that, therefore, the application should be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.
71 I. C. C.

FINANCE DOCKET No. 1583.

IN THE MATTER OF THE APPLICATION OF THE
WYOMING RAILWAY COMPANY FOR A LOAN FROM
THE UNITED STATES.

Submitted February 23, 1922. Decided March 24, 1922.

Held, That upon the record it is not shown that the security offered for the loan requested is adequate. Application denied.

George H. Parker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Wyoming Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on September 13, 1921, made application (supplemented October 3, 1921, and February 23, 1922) to us for a loan of \$100,000 from the United States under section 210 of the transportation act, 1920, as amended, for a term of 15 years for the purpose of aiding it in meeting its maturing indebtedness and providing itself with additions and betterments.

The security offered for the proposed loan is \$125,000 of applicant's first-mortgage bonds.

The applicant's line is approximately 28 miles long and extends in a southerly direction from a connection with the Chicago, Burlington & Quincy Railroad at Clearmont, Wyo., to Buffalo, Wyo.

After investigation we find that the prospective earning power of the applicant, and the character and value of the security offered, are not such as to afford reasonable assurance of the applicant's ability to repay a loan, and reasonable protection to the United States. Therefore, the application must be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 2253.

IN THE MATTER OF THE APPLICATION OF THE CADIZ RAILROAD COMPANY FOR AUTHORITY TO EXTEND THE MATURITY OF A NOTE AND OF A BOND PLEDGED AS SECURITY THEREFOR.

Submitted February 28, 1922. Decided March 24, 1922.

Authority granted (1) to extend the maturity of a promissory note for \$40,000 for a period of five years from February 1, 1922; (2) to increase the interest rate thereon from 5 to 6 per cent per annum; and (3) to extend for the same period the maturity of a first-mortgage 5 per cent five-year gold bond for \$40,000 pledged as security for said note.

G. P. Thomas for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cadiz Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to extend a promissory note in the denomination of \$40,000 for a period of five years from February 1, 1922, and to increase the interest rate thereon from 5 to 6 per cent; also to extend for the same period a first-mortgage 5 per cent bond of the same amount pledged as security therefor, and the agreement of January 25, 1907, hereinafter mentioned. No objection to the granting of the authority requested has been presented to us.

The applicant is a Kentucky corporation, whose railroad, about 10 miles long, extends from the town of Cadiz, Trigg County, to Gracey, a station on the line of the Illinois Central Railroad.

In accordance with the terms of an agreement dated January 25, 1907, the Illinois Central Railroad Company loaned to the applicant \$40,000. By this agreement the conditions of the loan were prescribed and the Illinois Central was given a five years' option of purchasing applicant's railroad and a certain preference in freight traffic. The loan was evidenced by a five-year promissory note dated February 1, 1907, bearing interest at the rate of 5 per cent per annum. The note was secured by pledge of a first-mortgage 5 per cent bond in a like amount issued under applicant's first mortgage, made to the Fidelity Trust Company of Louisville, under date of February 23,

\$262,000, which were also pledged under authority of that order as security for promissory notes and are as follows:

Nos. 2339 to 2403, inclusive.

Nos. 2454 to 2519, inclusive.

Nos. 2570 to 2634, inclusive.

Nos. 2685 to 2750, inclusive.

The applicant states that, subject to our granting the authority herein requested with respect to the notes of the last four maturities, it has agreed to sell \$1,000,000 of the equipment-trust notes at par and accrued interest, net to itself, and has given an option upon the balance, aggregating, exclusive of the notes due April 1, 1922, \$796,000. The equipment-trust notes maturing April 1, 1922, are numbered 137 to 204, inclusive, and aggregate \$68,000. These will be paid by the applicant at maturity. The proceeds of such of the equipment-trust notes as may be sold will be used toward payment of the promissory notes for which they are pledged.

We find that the proposed sale of equipment-trust notes, class A, by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SECOND SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which supplemental report is hereby referred to and made a part hereof:

It is ordered, That the commission's order herein dated October 24, 1921, be, and it is hereby, modified so that the first ordering paragraph thereof shall read as follows:

It is ordered, That the New York, New Haven & Hartford Railroad Company, having heretofore been authorized by this commission's order dated October 16, 1920, to pledge \$2,000,000 of its equipment-trust notes, class A, as collateral security for loans evidenced by certain promissory notes in a like aggregate amount, of which \$136,000 has been repaid, be, and it is hereby authorized to sell equipment-trust notes, class A, so pledged, aggregating \$1,796,000, numbered as follows:

Nos. 205 to 1017, inclusive.

Nos. 1068 to 1133, inclusive.

Nos. 1184 to 1248, inclusive.

Nos. 1299 to 1364, inclusive.

Nos. 1415 to 1479, inclusive.

Nos. 1530 to 1595, inclusive.

Nos. 1646 to 1710, inclusive.

Nos. 1761 to 1826, inclusive.

Nos. 1877 to 1941, inclusive.

Nos. 1992 to 2057, inclusive.

Nos. 2108 to 2172, inclusive.

Nos. 2223 to 2288, inclusive.

Nos. 2339 to 2403, inclusive.

Nos. 2454 to 2519, inclusive.

Nos. 2570 to 2634, inclusive.

Nos. 2685 to 2750, inclusive.

said equipment notes to be sold at not less than par and accrued interest, so that the total cost to the applicant, including in such cost interest, discounts, commissions, and other expenses of sale in connection therewith, shall not exceed $7\frac{1}{2}$ per cent per annum on the proceeds; the proceeds of such sale to be used exclusively toward the payment of said promissory notes for an aggregate like amount for which said equipment notes are pledged as security.

It is further ordered, That except as herein modified, said order of October 24, 1921, shall remain in full force and effect.

1907, and maturing on the same date as the note. This bond is for the maximum amount issuable under the mortgage. On February 1, 1912, the note, bond, and agreement were extended for five years, and on February 1, 1917, they were again extended for a like period.

Applicant states that it has not sufficient funds to pay the note, which matured February 1, 1922, and has arranged with the Illinois Central Railroad Company to extend the time for its payment for a further period of five years, the interest rate on the note to be increased for that period from 5 to 6 per cent per annum; also to extend the date of maturity of the bond to February 1, 1927, and to extend to the same date the agreement of January 25, 1907, hereinbefore mentioned. A proposed agreement dated February 1, 1922, to be entered into by and between the Illinois Central Railroad Company, the applicant, and the Fidelity Trust Company of Louisville, embodying these provisions, is annexed to the application.

We find that the proposed extension of the note and bond, on the terms and conditions mentioned, for a further period of five years and the increase of the rate of interest on the note from 5 to 6 per cent per annum (*a*) are for a lawful object within the corporate purposes of the applicant, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cadiz Railroad Company be, and it is hereby, authorized (1) to further extend the maturity date of its promissory note to the Illinois Central Railroad Company in the face amount of \$40,000 from February 1, 1922, to February 1, 1927; (2) to increase the interest rate on said note from 5 to 6 per cent per annum; and (3) to further extend from February 1, 1922, to February 1, 1927, the maturity date of its first-mortgage 5 per cent bond in the principal amount of \$40,000, issued under and pursuant to, and secured by, its first mortgage, made to the Fidelity Trust Company of Louisville under date of January 23, 1907, and pledged with the Illinois Central Railroad Company as security for said note; the said extensions to be in accordance with the terms of

the proposed agreement, dated February 1, 1922, referred to in the report aforesaid.

It is further ordered, That except as herein authorized, said note and said bond shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall report to this commission within 10 days thereafter all pertinent facts relating to the extension of the date of maturity of the said note and the said bond as herein authorized, said report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said note or said bond, or interest on either of them, on the part of the United States.

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FINANCE DOCKET No. 2273.

IN THE MATTER OF THE APPLICATION OF THE ERIE
RAILROAD COMPANY FOR AUTHORITY TO ISSUE
BONDS.

Submitted March 15, 1922. Decided March 24, 1922.

Authority granted to issue (1) not exceeding \$10,000,000 of promissory notes, to be dated April 1, 1922, to bear interest at the rate of 6 per cent per annum, and to be payable on demand after April 1, 1923, and (2) not exceeding \$2,500,000 of demand notes to be dated April 1, 1922, and to bear interest at the rate of 6 per cent per annum; all of said notes to be delivered to the War Finance Corporation upon surrender and cancellation of a like face amount of the applicant's three-year 6 per cent gold notes, now held by the War Finance Corporation and maturing on April 1, 1922. Former reports 71, I. C. C., 267.

George F. Brownell for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Erie Railroad Company, a common carrier by railroad engaged in interstate commerce, by a supplemental application has duly applied for authority under section 20a of the interstate commerce act to issue (1) a promissory note or notes, not exceeding \$10,000,000 in aggregate face amount, to be dated April 1, 1922, to bear interest at the rate of 6 per cent per annum, and to be payable to the War Finance Corporation, or order, on demand after April 1, 1923, and (2) not exceeding \$2,500,000 of demand promissory notes, to be dated April 1, 1922, to bear interest at the rate of 6 per cent per annum, and to be payable to the War Finance Corporation, or order; all of said notes to be delivered to the War Finance Corporation upon the surrender and cancellation of a like face amount of the applicant's three-year 6 per cent gold notes, now held by the War Finance Corporation and maturing on April 1, 1922.

Our report accompanying our order entered March 17, 1922, in this proceeding, 71, I. C. C., 267, sets forth in detail the method by which the applicant will meet the maturity on April 1, 1922, of \$15,000,000 of three-year 6 per cent gold notes, of which \$12,753,000 are held by the War Finance Corporation as security for advances. As stated in our previous report in this proceeding, the applicant proposes to deliver to the War Finance Corporation not exceeding \$10,000,000 of

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6 per cent notes, to be dated April 1, 1922, and to be payable on demand after April 1, 1923. The notes, when so delivered, will retire a like face amount of maturing notes. Pending the sale of the entire amount of not exceeding \$5,000,000 of Erie Railway Company consolidated-mortgage 7 per cent extended bonds, which we authorized the applicant to sell by our previous order in this proceeding, a further maximum amount of \$2,500,000 of notes (but not exceeding the principal amount of bonds unsold) are proposed to be temporarily issued to the War Finance Corporation to retire a like face amount of maturing notes. These \$2,500,000 of notes to be so issued will bear interest at the rate of 6 per cent per annum, will be payable on demand, and will be retired with the proceeds of the sale of the remaining bonds when such sale is effected.

The entire proposed issue of notes, not exceeding \$12,500,000 in total amount, together with all other of the applicant's now outstanding notes of a maturity of two years or less, will aggregate more than 5 per cent of the par value of its securities now outstanding.

We find that the proposed issue of notes by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in the supplemental application in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Erie Railroad Company be, and it is hereby, authorized (1) to issue a promissory note or notes not exceeding \$10,000,000, aggregate face amount, to be dated April 1, 1922, to bear interest at the rate of 6 per cent per annum, to be payable to the War Finance Corporation, or order, on demand after April 1, 1923, and to be substantially in the form submitted with the supplemental application; (2) to issue not exceeding \$2,500,000 of demand promissory notes, to be dated April 1, 1922, to bear interest at the rate of 6 per cent per annum, to be payable to the War Finance Corporation, or order, on demand after April 1, 1923, and to be delivered to the War Finance Corporation for the redemption of a like

FINANCE DOCKET No. 1007.

IN THE MATTER OF THE APPLICATION OF THE PECOS VALLEY SOUTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted March 22, 1922. Decided March 24, 1922.

Held, That upon the record it is not shown that the security offered for the loan requested is adequate. Application denied.

L. W. Anderson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Pecos Valley Southern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on July 6, 1920, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to provide itself with additions and betterments to way and structures.

In the application, the applicant sets forth:

1. That the amount of the loan desired is \$150,000.
2. That the term for which the loan is desired is three to five years.
3. That the purpose of the loan and the use to which it will be applied are to aid the applicant in paying off and discharging its matured indebtedness amounting to \$175,000.
4. That the security offered is \$400,000 of applicant's first-mortgage bonds.

After investigation, we find that the prospective earning power of the applicant, together with the character and value of the security offered for the proposed loan, does not afford reasonable assurance of its ability to repay the loan and to meet its other obligations in connection therewith, and reasonable protection to the United States, and that, therefore, the application should be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.
71 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

71 I. C. C.

FINANCE DOCKET No. 2161.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK SOUTHERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS.

Submitted March 24, 1922. Decided March 27, 1922.

Upon application and consideration thereof, loan of \$1,000,000 approved to meet maturing indebtedness.

George R. Loyall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Norfolk Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on January 9, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable it to meet maturing indebtedness.

On February 3 and March 3, 1922, the applicant amended and supplemented the application.

In the application, as amended and supplemented, the applicant sets forth:

1. That the amount of the loan desired is \$1,000,000.
2. That the term for which the loan is desired is 10 years.
3. That the purpose of the loan and the use to which it will be applied are to pay off and discharge an equal principal amount of the applicant's outstanding 7 per cent collateral-trust notes due by extension April 1, 1922.
4. Its present and prospective ability to repay the loan and to meet its obligations in regard thereto.
5. That the security offered for the loan is \$1,577,000, principal amount, of the applicant's first and refunding mortgage 5 per cent gold bonds, due February 1, 1961; or, in the alternative, \$1,200,000, principal amount, of said first and refunding bonds and \$500,000, principal amount, of equipment-trust notes to be issued and secured on equipment purchased in 1914 for \$556,000, subject to a prior lien since reduced to \$100,000 payable at the rate of \$50,000 per annum.

6. That the extent to which the public convenience and necessity will be served is that the loan will enable the applicant to provide the necessary funds with which to meet its maturing indebtedness, as aforesaid, which it can not procure from other sources, enabling the applicant to preserve its credit and thus properly to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant to make good the obligation, as we deemed pertinent to the inquiry.

After investigation, we find that the making of the proposed loan by the United States for the purpose aforementioned is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

An appropriate certificate will be issued.

Certificate No. 131 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$1,000,000 by the United States to the Norfolk Southern Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of aiding the applicant in meeting its maturing indebtedness, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$1,000,000.

4. That the time from the making thereof within which the loan is to be repaid in full is 10 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of \$1,577,000, principal amount, of the applicant's first and refunding mortgage, 50-year 5 per cent gold bonds, due February 1, 1961, issued under an indenture of mortgage dated February 1, 1911, executed and delivered by the applicant to the Central Trust Company of New York, as trustee. Said bonds are in definitive coupon form having coupon due August 1, 1922, and all subsequent coupons attached, are in denomination of \$1,000 and are numbered as follows:

	Bonds.	Amount.
Nos. M-13346 to 13857-----	512	\$512, 000
Nos. M-13860 to 14131-----	272	272, 000
Nos. M-14216 to 15008-----	793	793, 000
Total-----	1, 577	1, 577, 000

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter, or may have been pledged heretofore, as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the

opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States.

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 28th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 2209.

IN THE MATTER OF THE APPLICATION OF THE MANISTIQUE & LAKE SUPERIOR RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO ABANDON A BRANCH LINE OF RAILROAD.

Submitted March 23, 1922. Decided March 27, 1922.

Certificate issued authorizing the abandonment of interstate and foreign commerce on a branch line of applicant's railroad located in Schoolcraft County, Mich.

Alexander L. Smith for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Manistique & Lake Superior Railroad Company, a carrier by railroad subject to the interstate commerce act, and engaged in operating a line of railroad located wholly in the State of Michigan, on February 1, 1922, filed an application for a certificate that the present and future public convenience and necessity permit the abandonment of a branch line of the applicant's railroad known as the McNeil branch, extending from Scott to the station of Doyles Wye, both in Schoolcraft County, a distance of approximately 7.5 miles. No representations were made by the authorities of the State of Michigan, either for or against the granting of the application. The case was submitted without formal hearing.

The line in question, completed in 1907, was built primarily as a logging road. Forest products have been the only source of revenue, and as these have been exhausted applicant requests permission to abandon the branch. There are no towns or villages located on the line and applicant states that the territory tributary thereto has no population. Applicant further states that no freight has been offered for transportation from May 31, 1920, to the date of the filing of the return to questionnaire, or nearly two years, and that no passenger traffic or less-than-carload freight was ever handled on this branch. No protests have been filed against the granting of the application. It appears that there is no prospect of increase in traffic

FINANCE DOCKET No. 726.

IN THE MATTER OF SETTLEMENT WITH THE PACIFIC
COAST RAILWAY COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted February 16, 1922. Decided March 29, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Pacific Coast Railway Company ascertained to be \$21,558.36. Certificate issued.

E. C. Ward for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pacific Coast Railway Company, hereinafter termed the carrier, is a carrier by railroad, which has heretofore engaged as a common carrier in general transportation in the State of California. It operates a narrow-gauge railroad and, while it has no physical connection with any other railroad, it competes for traffic with the Southern Pacific Railroad, which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 15, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due

to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$21,558.36, as shown by the following statement:

Basis of claim:

Net railway operating income for guaranty period.....	\$3,691.96
One-half the average annual railway operating income for the test period.....	25,173.05
Total amount claimed.....	<u>21,481.09</u>

Adjustments:

Standard return for six months as claimed by carrier..	\$25,173.05
Standard return for six months as determined by us..	24,712.53
Deduction.....	460.52
Add net amount of accounting exceptions by Bureau of Ac- counts, affecting the guaranty period.....	537.79
Net additions.....	<u>77.27</u>

Amount necessary to make good the guaranty..... 21,558.36

No certificates have been issued in favor of this carrier under section 209 (h) or, section 209 (g), as amended by section 212. The amount due the carrier is, therefore, \$21,558.36, for which an appropriate certificate will be issued.

Certificate No. A-621 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Pacific Coast Railway Company, a corporation of the State of California, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$21,558.36 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 29th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 726.

IN THE MATTER OF SETTLEMENT WITH THE PACIFIC
COAST RAILWAY COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted February 16, 1922. Decided March 29, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Pacific Coast Railway Company ascertained to be \$21,558.36. Certificate issued.

E. C. Ward for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Pacific Coast Railway Company, hereinafter termed the carrier, is a carrier by railroad, which has heretofore engaged as a common carrier in general transportation in the State of California. It operates a narrow-gauge railroad and, while it has no physical connection with any other railroad, it competes for traffic with the Southern Pacific Railroad, which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 15, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due

to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$21,558.36, as shown by the following statement:

Basis of claim:

Net railway operating income for guaranty period-----	\$3, 691. 96
One-half the average annual railway operating income for the test period-----	25, 173. 05
Total amount claimed-----	<u>21, 481. 09</u>

Adjustments:

Standard return for six months as claimed by carrier--	\$25, 173. 05
Standard return for six months as determined by us--	24, 712. 53
Deduction-----	460. 52
Add net amount of accounting exceptions by Bureau of Ac- counts, affecting the guaranty period-----	537. 79
Net additions-----	<u>77. 27</u>

Amount necessary to make good the guaranty----- 21, 558. 36

No certificates have been issued in favor of this carrier under section 209 (h) or, section 209 (g), as amended by section 212. The amount due the carrier is, therefore, \$21,558.36, for which an appropriate certificate will be issued.

Certificate No. A-621 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Pacific Coast Railway Company, a corporation of the State of California, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$21,558.36 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 29th day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 1084.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE REFUNDING AND IMPROVEMENT MORTGAGE BONDS AND DEFERRED EQUIPMENT-TRUST CERTIFICATES; TO INDORSE AND GUARANTEE PROMISSORY NOTES OF ITS SUBSIDIARIES; AND TO PLEDGE SECURITIES FOR LOANS FROM THE UNITED STATES.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding and for good cause shown:

It is ordered, That \$1,000,000 of the \$5,500,000, principal amount, of refunding and improvement mortgage bonds, series B, issued by the New York Central Railroad Company in respect of expenditures for way and structures, in pursuance of authority contained in the order of this commission dated December 22, 1920, herein, which said \$1,000,000 of bonds have heretofore been released from pledge and canceled, shall remain canceled and unissued.

It is further ordered, That the said order of this commission herein, so far as the same relates to the remaining \$5,494,000 of refunding and improvement mortgage bonds, series B, of the New York Central Railroad Company by said order authorized to be issued, be, and it is hereby, amended so that the said bonds are authorized to be issued in respect of the same expenditures as those included in the purposes of the loan to the New York Central Railroad Company, under section 210 of the transportation act, 1920, as amended, Finance Docket No. 999, as set forth in this commission's supplemental report of December 28, 1921,² as amended by supplemental report of March 22, 1922,³ in said finance docket, for additions and betterments and property as follows: (1) \$4,500,000 thereof in respect of expenditures for additions and betterments to way and structures of the New York Central Railroad Company, and (2) \$994,000 thereof in

¹ See 65 I. C. C., 534.

² 70 I. C. C., 809.

³ 71 I. C. C., 288.

respect of expenditures for the acquisition by the New York Central Railroad Company of miscellaneous owned equipment.

It is further ordered, That the time within which said expenditures may be made be, and it is hereby, extended to and including December 31, 1922.

And it is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

71 I. C. C.

FINANCE DOCKET No. 1085.

IN THE MATTER OF THE APPLICATION OF THE MICHIGAN CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES AND TO ISSUE AND PLEDGE REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, be, and it is hereby, amended as follows:

(a) So that the proceeds of the promissory note of the Michigan Central Railroad Company for \$613,000, the issue of which was authorized in said order, are authorized to be used for the expenditures for additions and betterments to way and structures set forth in the commission's supplemental report, dated December 28, 1921, in Finance Docket No. 999,² together with expenditures of \$2,588 included in expenditures shown in said supplemental report for the rebuilding of 1,000 30-ton and 40-ton box cars.

(b) So that the proceeds of the Michigan Central Railroad Company's promissory notes aggregating \$3,930,000, the issue of which was authorized in said order of December 22, 1920, are authorized to be used for the remaining expenditures for equipment and additions and betterments set forth in the commission's original report of December 17, 1920, in Finance Docket No. 999,³ as modified by said supplemental report.

(c) So that the \$507,000, principal amount, of the Michigan Central Railroad Company's refunding and improvement mortgage bonds, series B, the issue of which was authorized by said order of December 22, 1920, are authorized to be issued in respect of the expenditures for additions and betterments to way and structures of the Michigan Central Railroad Company, shown in said supplemental report of December 28, 1921, in Finance Docket No. 999, so far as said expenditures are upon projects specified in schedule C filed with the application in this proceeding, said expenditures

¹ See 65 I. C. C., 544.

² 70 I. C. C., 809.

³ 65 I. C. C., 503.

71 I. C. C.

amounting to \$263,471.57, together with additional expenditures amounting to \$243,528.43 included in expenditures for an eastbound receiving yard at Niles, Mich., also shown in said supplemental report of December 28, 1921.

(d) And so that the time within which the expenditures herein mentioned for which the proceeds of said notes are to be used and in respect of which said bonds are issued, is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

FINANCE DOCKET No. 1086.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES, TO ISSUE AND PLEDGE REFUNDING AND IMPROVEMENT MORTGAGE BONDS, AND TO GUARANTEE A NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, be, and it is hereby, amended as follows:

(a) So that the proceeds of the promissory notes of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company aggregating \$3,944,000, the issue of which was authorized in said order, are authorized to be used for the expenditures for equipment and additions and betterments thereto set forth in the commission's original report dated December 17, 1920, in Finance Docket No. 999,² as amended by its supplemental report of December 28, 1921,³ in said finance docket.

(b) So that the proceeds of the promissory note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company for \$4,560,000, the issue of which was authorized in said order, are authorized to be used for the expenditures for additions and betterments to way and structures set forth in said supplemental report of December 28, 1921; and so that the issue of \$4,560,000, principal amount, of that company's 6 per cent refunding and improvement mortgage bonds, series B, the issue of which was authorized in said order, are authorized to be issued in respect of said expenditures.

(c) So that the issue of the promissory note for \$113,000 of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, the issue of which was authorized in said order of December 22, 1920, is authorized to be issued in respect of the expenditures for additions and betterments to way and structures and equipment set forth in said supplemental report of December 28, 1921.

¹ See 65 I. C. C., 549.

² 65 I. C. C., 503.

³ 70 I. C. C., 809.

71 I. C. C.

(d) And so that the time within which said expenditures for which the proceeds of said notes are authorized to be used and in respect of which said bonds and said note for \$113,000 are authorized to be issued, is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

71 I. C. C.

FINANCE DOCKET No. 1087.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO & OHIO CENTRAL RAILWAY COMPANY FOR
AUTHORITY TO ISSUE A PROMISSORY NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, authorizing the issue of a note for the face amount of \$214,000 by the Toledo & Ohio Central Railway Company be, and it is hereby, modified so that the time within which the proceeds thereof may be expended is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

¹ See 65 I. C. C., 556.

FINANCE DOCKET No. 1088.

IN THE MATTER OF THE APPLICATION OF THE ZANESVILLE & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE A PROMISSORY NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, authorizing the issue of a note for the face amount of \$60,000 by the Zanesville & Western Railway Company, be, and it is hereby, modified so that the time within which the proceeds thereof may be expended is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

¹ See 65 I. C. C., 550.

71 I. C. C.

FINANCE DOCKET No. 1086.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES, TO ISSUE AND PLEDGE REFUNDING AND IMPROVEMENT MORTGAGE BONDS, AND TO GUARANTEE A NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, be, and it is hereby, amended as follows:

(a) So that the proceeds of the promissory notes of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company aggregating \$3,944,000, the issue of which was authorized in said order, are authorized to be used for the expenditures for equipment and additions and betterments thereto set forth in the commission's original report dated December 17, 1920, in Finance Docket No. 999,² as amended by its supplemental report of December 28, 1921,³ in said finance docket.

(b) So that the proceeds of the promissory note of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company for \$4,560,000, the issue of which was authorized in said order, are authorized to be used for the expenditures for additions and betterments to way and structures set forth in said supplemental report of December 28, 1921; and so that the issue of \$4,560,000, principal amount, of that company's 6 per cent refunding and improvement mortgage bonds, series B, the issue of which was authorized in said order, are authorized to be issued in respect of said expenditures.

(c) So that the issue of the promissory note for \$113,000 of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, the issue of which was authorized in said order of December 22, 1920, is authorized to be issued in respect of the expenditures for additions and betterments to way and structures and equipment set forth in said supplemental report of December 28, 1921.

¹ See 65 I. C. C., 549.

² 65 I. C. C., 503.

³ 70 I. C. C., 809.

71 I. C. C.

(d) And so that the time within which said expenditures for which the proceeds of said notes are authorized to be used and in respect of which said bonds and said note for \$113,000 are authorized to be issued, is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

71 I. C. C.

FINANCE DOCKET No. 1087.

IN THE MATTER OF THE APPLICATION OF THE
TOLEDO & OHIO CENTRAL RAILWAY COMPANY FOR
AUTHORITY TO ISSUE A PROMISSORY NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, authorizing the issue of a note for the face amount of \$214,000 by the Toledo & Ohio Central Railway Company be, and it is hereby, modified so that the time within which the proceeds thereof may be expended is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

¹ See 65 I. C. C., 556.

FINANCE DOCKET No. 1088.

IN THE MATTER OF THE APPLICATION OF THE ZANESVILLE & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE A PROMISSORY NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, authorizing the issue of a note for the face amount of \$60,000 by the Zanesville & Western Railway Company, be, and it is hereby, modified so that the time within which the proceeds thereof may be expended is extended to and including December 31, 1922.

It is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

¹ See 65 I. C. C., 559.

71 I. C. C.

FINANCE DOCKET No. 1089.

IN THE MATTER OF THE APPLICATION OF THE KANAWHA & MICHIGAN RAILWAY COMPANY FOR AUTHORITY TO ISSUE A PROMISSORY NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission, dated December 22, 1920, be, and it is hereby, amended so that the proceeds of the note for \$256,000 of the Kanawha & Michigan Railway Company, the issue of which was authorized by said order, are authorized to be used for the expenditures for additions and betterments to way and structures and equipment set forth in the commission's supplemental report of December 28, 1921, in Finance Docket No. 999,² as amended by its supplemental report dated March 22, 1922,³ in said finance docket.

It is further ordered, That the time within which said expenditures may be made, be, and it is hereby, extended to and including December 31, 1922.

And it is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

¹ See 65 I. C. C., 562.

² 70 I. C. C., 809.

³ 71 I. C. C., 288.

71 I. C. C.

FINANCE DOCKET No. 1090.

IN THE MATTER OF THE APPLICATION OF THE LAKE
ERIE & WESTERN RAILROAD COMPANY FOR AUTHOR-
ITY TO ISSUE A PROMISSORY NOTE.

Approved March 29, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND EASTMAN.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated December 22, 1920, be, and it is hereby, amended so that the proceeds of the note for \$609,000 of the Lake Erie & Western Railroad Company, the issue of which was authorized in said order, are authorized to be used for the expenditures for additions and betterments to way and structures and equipment set forth in the commission's report of December 28, 1921, in Finance Docket No. 999.²

It is further ordered, That the time within which said expenditures may be made, be, and it is hereby, extended to and including December 31, 1922.

And it is further ordered, That, except as herein modified, said order of December 22, 1920, shall remain in full force and effect.

¹ See 65 I. C. C., 565.

² 70 I. C. C., 809.

The applicant's general balance sheet as of October 31, 1921, shows a profit of \$117,816.91 for the period from January 1, 1921, to that date.

While the repairing and rebuilding of the cars provided for in the agreement hereinbefore mentioned, will not result in any saving to the applicant of car rental, it will increase its net income, for it appears from the annual reports that a very substantial proportion of the carrier's income is derived from the renting of its freight cars to others, and it will at the same time materially benefit the public by making more cars available for the hauling of traffic. It is to the interest of the public as well as the applicant, that the cars be repaired and rebuilt since this will result in the reduction of the applicant's future charges for maintenance of equipment and enable it to more economically maintain efficiency in its operations.

The proposed notes will amount to more than 5 per cent of the par value of the applicant's outstanding securities. Its obligations and fixed charges will be increased by the issue, but the applicant represents that its net per diem earnings amount to about \$22,000 per month, an amount more than sufficient to pay the proposed notes as and when they respectively become due.

We find that the proposed issue of notes by the applicant (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago & Illinois Midland Railway Company be, and it is hereby, authorized to issue not exceeding \$484,000, aggregate face amount, of promissory notes, consisting of 32 notes, each to be in the denomination of \$15,125, and to bear interest at the rate of 7 per cent per annum, payable at the maturity of each note and semiannually from date until paid; said notes to be dated January 16, 1922, and to mature from 1 to 32 months from date, the first note to mature February 16, 1922, and the last September 16, 1924; and any

unearned interest on said notes to be adjusted and credited thereon as provided for in the agreement, as supplemented and described in the attached report; said notes and the proceeds thereof to be used solely for the purpose set forth in the application.

It is further ordered, That, except as herein authorized, the said notes shall not be sold, pledged, replugged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the issue of said notes, (2) their payment or other satisfaction, and (3) the adjustment of any unearned interest and credit on said notes; each of said reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 482.

IN THE MATTER OF SETTLEMENT WITH THE GALVESTON TERMINAL RAILWAY COMPANY UNDER THE PROVISIONS OF SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 15, 1921. Decided March 30, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Galveston Terminal Railway Company. Proceeding dismissed.

John A. Hulen for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Galveston Terminal Railway Company, hereinafter termed the company, is a corporation of the State of Texas. The company owns certain railroad facilities in Galveston, Tex., including a freight depot and warehouse and about 14 blocks of water-front property. The terminal facilities include 3.53 miles of main-line track and 20.33 miles of yard tracks. During 1915 a considerable portion of the tracks along the water front were washed out and up to the present time have not been replaced. After completion, the property was used exclusively as terminal facilities by the Trinity & Brazos Valley Railway Company until July 31, 1914. From August 1, 1914, to January 31, 1919, the Galveston, Harrisburg & San Antonio Railway Company used a part of the tracks to supplement its own terminal facilities. Since January 31, 1919, the property has not been used for transportation purposes, nor has the company ever engaged in active operation of the property, which has been leased to other railway companies for operation. The company filed a statement in writing with us prior to March 15, 1920, accepting all the provisions of said section 209 of the transportation act, 1920, and has filed a tentative claim in the amount of \$3,042.25, which amount is almost exclusively represented by the difference in the company's tax accruals between an average six months of the test period and the guaranty period.

Since the company did not engage during the guaranty period, nor has it heretofore engaged, in general transportation, and was not

under Federal control at the termination thereof, it is held that the provisions of section 209 of the transportation act are not applicable to the company.

An appropriate order will be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 535.

IN THE MATTER OF SETTLEMENT WITH THE INDIANAPOLIS & FRANKFORT RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted June 7, 1921. Decided March 30, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Indianapolis & Frankfort Railroad Company. Proceeding dismissed.

J. W. Orr for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Indianapolis & Frankfort Railroad Company, hereinafter termed the carrier, is a corporation of the State of Indiana. The carrier's road, consisting of a line from Ben Davis to Frankfort, Ind., a distance of 41.19 miles, was completed and placed in operation on July 1, 1918. It was under Federal control during the entire remaining period thereof and operated during such period as a part of the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company, the results of such operations being included with those of the latter company.

During the entire guaranty period the property of the carrier was operated under a verbal arrangement in the nature of a lease, by the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company, and the results of such operations during the guaranty period are included in the claim of the operating company.

The carrier filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920, and has filed a written statement under oath indicating the manner in which its operations were conducted during the Federal control period and the guaranty period as above indicated.

Under these circumstances it is held the provisions of section 209 of the transportation act are not applicable to the carrier. The proceeding must therefore be dismissed.

An appropriate order will be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

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FINANCE DOCKET No. 2271.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE MORTGAGE BONDS.

Submitted March 2, 1922. Decided March 30, 1922.

Authority granted to issue \$60,000,000 of 5 per cent refunding and improvement mortgage bonds, series C, said bonds to be sold at not less than 90 per cent of par.

John K. Graves and Milton C. Elliott for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$60,000,000 of its refunding and improvement mortgage bonds, series C, under and pursuant to, and to be secured by, the refunding and improvement mortgage dated October 1, 1913, heretofore executed and delivered by the New York Central & Hudson River Railroad Company, a corporate predecessor of the applicant, which, by a supplemental agreement dated June 15, 1915, was assumed by the applicant, and whereby the lien of said mortgage of October 1, 1913, was extended. An objection to our jurisdiction was filed by the Public Utilities Commission of Michigan, in which State, among others, the applicant operates. We are of the opinion that we have jurisdiction. No other objection to the granting of the application has been presented to us.

The mortgage and supplement provide for the issue of bonds in an aggregate principal amount of not exceeding three times the applicant's outstanding capital stock, which limit will not be exceeded by the proposed issue of bonds. Under section 5 of article 4 of the mortgage, bonds may be issued for certain purposes, including additions and betterments on owned or leased lines of railroad and for paying or refunding any indebtedness incurred for such purposes. Provision will be made in the bonds for their redemption, as an entirety, at the election of the applicant, on October 1, 1951, or on any

interest date thereafter, at 105 per cent of par, in accordance with Article XII of the mortgage. The proposed bonds will be dated October 1, 1921, will bear interest at the rate of 5 per cent per annum, payable semiannually, and will mature October 1, 2013.

By our order dated January 20, 1921, in *Bonds of New York Central R. R.*, 65 I. C. C., 714, we authorized the applicant to issue \$7,000,000 of 6 per cent refunding and improvement mortgage bonds, series B, in respect of a like amount of capital expenditures made by the director general for additions and betterments, and to pledge them as collateral security for a promissory note given to the director general for \$7,000,000 to cover the capital expenditures so made. After redeeming the bonds from pledge by making payment of the note, the applicant proposes to cancel them, and to issue series-C bonds for \$7,000,000 in respect of the capital expenditures involved. Expenditures of a like nature for \$300,000 additional are also submitted, to be used as a basis for the issue of bonds included in the proposed issue of \$7,000,000, to the extent, if any, that it may be necessary to supply any deficiency of expenditures upon which the said bond issue is to be based, resulting from adjustments that may be made in the capital expenditures amounting to \$7,000,000, as a result of the final verification of the expenditures submitted as chargeable to capital account.

By our order dated November 5, 1921, in *Bonds of New York Central R. R.*, 70 I. C. C., 598, the issue of \$19,500,000 of 6 per cent refunding and improvement mortgage bonds, series B, in respect of a like amount of capital expenditures by the director general upon the applicant's owned and leased lines was authorized, but no bonds have been issued by the applicant in pursuance thereof. The applicant now proposes to issue series-C bonds in respect of the expenditures which were proposed to be used as a basis for the said series-B bonds.

It is therefore proper in this proceeding to set aside and vacate our order of November 5, 1921, *supra*.

The applicant proposes to issue \$11,945,000 of series-C bonds for the purpose of paying and refunding bonds, due July 1, 1922, of corporations of which the applicant is corporate successor, namely, the Rome, Watertown & Ogdensburg Railroad Company's consolidated-mortgage bonds in aggregate principal amount of \$9,995,000, and Utica & Black River Railroad Company's 4 per cent first-mortgage bonds in the aggregate principal amount of \$1,950,000, which bonds constitute part of the prior debt for the payment and refunding of which bonds are reserved to be issued under the applicant's refunding and improvement mortgage of October 1, 1913.

As a basis for the issue of the remainder of the proposed \$60,000,000 of series-C bonds, the applicant submits expenditures not heretofore capitalized, as follows:

Expenditures made for additions and betterments to roadway and structures of owned and leased property from November 1, 1913, to August 31, 1916, according to schedule A accompanying the application -----	\$7, 170, 000
Expenditures for like purposes during the periods September 1, 1916, to December 31, 1917, and March 1, 1920, to December 31, 1921----	9, 250, 000
Expenditures made by the director general during the period of Federal control for certain equipment now owned by the applicant, \$3,149,719.59, and expenditures made by the applicant for like purposes from January 1 to December 31, 1917, \$3,197,845.69, total \$6,347,565.28 (see schedule E accompanying the application), of which the applicant proposes to capitalize by the proposed issue--	5, 135, 000
Total expenditures as above-----	21, 555, 000

The proceeds of the bonds proposed to be issued will be used for the following purposes: \$26,500,000 to liquidate the applicant's 6 per cent notes of that amount, being a note for \$7,000,000 dated October 25, 1920, and a note for \$19,500,000 dated August 4, 1921, given to the Director General of Railroads in payment for additions and betterments costing that amount made by him to and upon the roadway and structures of the applicant's owned and leased lines during the period of Federal control, or to reimburse applicant for expenditures to be made for the purpose of such payment; \$16,420,000 to pay other indebtedness of the applicant to the director general for the cost of additions and betterments made by him to and upon the applicant's owned and leased lines during the period of Federal control, or to reimburse the treasury of the applicant for expenditures heretofore made by it for additions and betterments made upon the roadway and structures of said lines; \$5,135,000 to pay the applicant's indebtedness to the director general for the cost of locomotives and cars provided by him during the Federal control period and acquired from him by the applicant, or to reimburse the treasury of the applicant for expenditures heretofore made for the acquisition of locomotives and cars; and \$11,945,000 to pay and refund the prior bonds of the Rome, Watertown & Ogdensburg Railroad Company and the Utica & Black River Railroad Company at the maturity thereof.

The applicant states that it is in negotiation with J. P. Morgan & Company for the sale of the proposed bonds, and unless the market situation shall substantially change the applicant expects to be able to sell the proposed bonds to that firm and its associates at such price as will net the applicant not less than 90 cents on the dollar.

We find that the proposed issue of refunding and improvement mortgage bonds, series C, by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York Central Railroad Company be, and it is hereby, authorized to issue not exceeding \$60,000,000, principal amount, of refunding and improvement mortgage bonds, series C, under and pursuant to, and to be secured by, the refunding and improvement mortgage dated October 1, 1913, made by the applicant's predecessor, the New York Central & Hudson River Railroad Company to the Guaranty Trust Company of New York, and assumed by the applicant by a supplemental indenture dated June 15, 1915; said bonds to be redeemable as an entirety on October 1, 1951, or on any interest date thereafter at 105 per cent of par; said bonds to be dated October 1, 1921, to mature October 1, 2013, and to bear interest at the rate of 5 per cent per annum, payable semiannually, on April 1 and October 1 in each year; said bonds to be sold at not less than 90 per cent of par and accrued interest, net to the applicant, and the proceeds to be used for the purposes set forth in the application and report aforesaid.

It is further ordered, That prior to, or concurrently with, the issue of bonds as hereinbefore authorized, the applicant shall cancel, or cause to be canceled, the \$7,000,000 of 6 per cent refunding and improvement mortgage bonds, series B, heretofore issued by the applicant in pursuance of the authority contained in the commission's order, dated January 20, 1921, in Finance Docket No. 1065.

It is further ordered, That the order of this commission, dated November 5, 1921, in Finance Docket No. 1584, be, and the same is hereby rescinded, set aside, and vacated.

It is further ordered, That, except as herein authorized, said series-C bonds shall not be sold, pledged, or otherwise disposed of by the applicant unless authorized by this commission.

It is further ordered, That the applicant shall file with this commission within 10 days after the date of the entry of this order, a statement of the facts

relating to the issue and sale of said series-C bonds, and the cancellation of said \$7,000,000 of series-B bonds; and for the period ending June 30, 1922, and for each six months' period thereafter, shall, within 30 days after the close of such periods, report to this commission all pertinent facts relating to the use of the proceeds of sale; said reports to be signed and verified by an executive officer having knowledge of the facts, and to be made periodically until all of said proceeds shall have been used.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 333.

**IN THE MATTER OF SETTLEMENT WITH THE CAMAS
PRAIRIE RAILROAD COMPANY UNDER SECTION 209
OF THE TRANSPORTATION ACT, 1920.**

Submitted November 17, 1921. Decided March 31, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Camas Prairie Railroad Company. Proceedings dismissed.

W. F. Sercombe for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Camas Prairie Railroad Company, hereinafter, termed the company, is a corporation of the State of Oregon and operates a line of road between Riparia, Wash., and Grangeville, Idaho, a distance of approximately 151.11 miles, for the benefit of the Oregon-Washington Railroad & Navigation Company and the Northern Pacific Railway Company. All revenues and expenses and any income or profit-and-loss items referable to the operation of the property are apportioned monthly to the proprietary operating companies pursuant to an operating agreement with said companies.

The company filed a written statement with us on March 13, 1920, therein accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act inasmuch as the proprietary operating companies were compensated therefor in their contracts with the director general. The provisions of section 209 of the transportation act, 1920, will have been fully applied to the operation of the company's property through the inclusion of the result of such operations in the accounts of the proprietary operating companies, which companies accepted the provisions of section 209.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

71 I. C. C.

FINANCE DOCKET No. 535.

IN THE MATTER OF SETTLEMENT WITH THE INDIANAPOLIS & FRANKFORT RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted June 7, 1921. Decided March 30, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Indianapolis & Frankfort Railroad Company. Proceeding dismissed.

J. W. Orr for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Indianapolis & Frankfort Railroad Company, hereinafter termed the carrier, is a corporation of the State of Indiana. The carrier's road, consisting of a line from Ben Davis to Frankfort, Ind., a distance of 41.19 miles, was completed and placed in operation on July 1, 1918. It was under Federal control during the entire remaining period thereof and operated during such period as a part of the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company, the results of such operations being included with those of the latter company.

During the entire guaranty period the property of the carrier was operated under a verbal arrangement in the nature of a lease, by the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company, and the results of such operations during the guaranty period are included in the claim of the operating company.

The carrier filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920, and has filed a written statement under oath indicating the manner in which its operations were conducted during the Federal control period and the guaranty period as above indicated.

Under these circumstances it is held the provisions of section 209 of the transportation act are not applicable to the carrier. The proceeding must therefore be dismissed.

An appropriate order will be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

725°—23—VOL 71——23

FINANCE DOCKET No. 2271.

IN THE MATTER OF THE APPLICATION OF THE NEW
YORK CENTRAL RAILROAD COMPANY FOR AUTHOR-
ITY TO ISSUE MORTGAGE BONDS.

Submitted March 2, 1922. Decided March 30, 1922.

Authority granted to issue \$60,000,000 of 5 per cent refunding and improvement mortgage bonds, series C, said bonds to be sold at not less than 90 per cent of par.

John K. Graves and Milton C. Elliott for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$60,000,000 of its refunding and improvement mortgage bonds, series C, under and pursuant to, and to be secured by, the refunding and improvement mortgage dated October 1, 1913, heretofore executed and delivered by the New York Central & Hudson River Railroad Company, a corporate predecessor of the applicant, which, by a supplemental agreement dated June 15, 1915, was assumed by the applicant, and whereby the lien of said mortgage of October 1, 1913, was extended. An objection to our jurisdiction was filed by the Public Utilities Commission of Michigan, in which State, among others, the applicant operates. We are of the opinion that we have jurisdiction. No other objection to the granting of the application has been presented to us.

The mortgage and supplement provide for the issue of bonds in an aggregate principal amount of not exceeding three times the applicant's outstanding capital stock, which limit will not be exceeded by the proposed issue of bonds. Under section 5 of article 4 of the mortgage, bonds may be issued for certain purposes, including additions and betterments on owned or leased lines of railroad and for paying or refunding any indebtedness incurred for such purposes. Provision will be made in the bonds for their redemption, as an entirety, at the election of the applicant, on October 1, 1951, or on any

interest date thereafter, at 105 per cent of par, in accordance with Article XII of the mortgage. The proposed bonds will be dated October 1, 1921, will bear interest at the rate of 5 per cent per annum, payable semiannually, and will mature October 1, 2013.

By our order dated January 20, 1921, in *Bonds of New York Central R. R.*, 65 I. C. C., 714, we authorized the applicant to issue \$7,000,000 of 6 per cent refunding and improvement mortgage bonds, series B, in respect of a like amount of capital expenditures made by the director general for additions and betterments, and to pledge them as collateral security for a promissory note given to the director general for \$7,000,000 to cover the capital expenditures so made. After redeeming the bonds from pledge by making payment of the note, the applicant proposes to cancel them, and to issue series-C bonds for \$7,000,000 in respect of the capital expenditures involved. Expenditures of a like nature for \$300,000 additional are also submitted, to be used as a basis for the issue of bonds included in the proposed issue of \$7,000,000, to the extent, if any, that it may be necessary to supply any deficiency of expenditures upon which the said bond issue is to be based, resulting from adjustments that may be made in the capital expenditures amounting to \$7,000,000, as a result of the final verification of the expenditures submitted as chargeable to capital account.

By our order dated November 5, 1921, in *Bonds of New York Central R. R.*, 70 I. C. C., 598, the issue of \$19,500,000 of 6 per cent refunding and improvement mortgage bonds, series B, in respect of a like amount of capital expenditures by the director general upon the applicant's owned and leased lines was authorized, but no bonds have been issued by the applicant in pursuance thereof. The applicant now proposes to issue series-C bonds in respect of the expenditures which were proposed to be used as a basis for the said series-B bonds.

It is therefore proper in this proceeding to set aside and vacate our order of November 5, 1921, *supra*.

The applicant proposes to issue \$11,945,000 of series-C bonds for the purpose of paying and refunding bonds, due July 1, 1922, of corporations of which the applicant is corporate successor, namely, the Rome, Watertown & Ogdensburg Railroad Company's consolidated-mortgage bonds in aggregate principal amount of \$9,995,000, and Utica & Black River Railroad Company's 4 per cent first-mortgage bonds in the aggregate principal amount of \$1,950,000, which bonds constitute part of the prior debt for the payment and refunding of which bonds are reserved to be issued under the applicant's refunding and improvement mortgage of October 1, 1913.

As a basis for the issue of the remainder of the proposed \$60,000,000 of series-C bonds, the applicant submits expenditures not heretofore capitalized, as follows:

Expenditures made for additions and betterments to roadway and structures of owned and leased property from November 1, 1913, to August 31, 1916, according to schedule A accompanying the application -----	\$7, 170, 000
Expenditures for like purposes during the periods September 1, 1916, to December 31, 1917, and March 1, 1920, to December 31, 1921----	9, 250, 000
Expenditures made by the director general during the period of Federal control for certain equipment now owned by the applicant, \$3,149,719.59, and expenditures made by the applicant for like purposes from January 1 to December 31, 1917, \$3,197,845.69, total \$6,347,565.28 (see schedule E accompanying the application), of which the applicant proposes to capitalize by the proposed issue--	5, 135, 000
Total expenditures as above-----	21, 555, 000

The proceeds of the bonds proposed to be issued will be used for the following purposes: \$26,500,000 to liquidate the applicant's 6 per cent notes of that amount, being a note for \$7,000,000 dated October 25, 1920, and a note for \$19,500,000 dated August 4, 1921, given to the Director General of Railroads in payment for additions and betterments costing that amount made by him to and upon the roadway and structures of the applicant's owned and leased lines during the period of Federal control, or to reimburse applicant for expenditures to be made for the purpose of such payment; \$16,420,000 to pay other indebtedness of the applicant to the director general for the cost of additions and betterments made by him to and upon the applicant's owned and leased lines during the period of Federal control, or to reimburse the treasury of the applicant for expenditures heretofore made by it for additions and betterments made upon the roadway and structures of said lines; \$5,135,000 to pay the applicant's indebtedness to the director general for the cost of locomotives and cars provided by him during the Federal control period and acquired from him by the applicant, or to reimburse the treasury of the applicant for expenditures heretofore made for the acquisition of locomotives and cars; and \$11,945,000 to pay and refund the prior bonds of the Rome, Watertown & Ogdensburg Railroad Company and the Utica & Black River Railroad Company at the maturity thereof.

The applicant states that it is in negotiation with J. P. Morgan & Company for the sale of the proposed bonds, and unless the market situation shall substantially change the applicant expects to be able to sell the proposed bonds to that firm and its associates at such price as will net the applicant not less than 90 cents on the dollar.

We find that the proposed issue of refunding and improvement mortgage bonds, series C, by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the New York Central Railroad Company be, and it is hereby, authorized to issue not exceeding \$60,000,000, principal amount, of refunding and improvement mortgage bonds, series C, under and pursuant to, and to be secured by, the refunding and improvement mortgage dated October 1, 1913, made by the applicant's predecessor, the New York Central & Hudson River Railroad Company to the Guaranty Trust Company of New York, and assumed by the applicant by a supplemental indenture dated June 15, 1915; said bonds to be redeemable as an entirety on October 1, 1951, or on any interest date thereafter at 105 per cent of par; said bonds to be dated October 1, 1921, to mature October 1, 2013, and to bear interest at the rate of 5 per cent per annum, payable semiannually, on April 1 and October 1 in each year; said bonds to be sold at not less than 90 per cent of par and accrued interest, net to the applicant, and the proceeds to be used for the purposes set forth in the application and report aforesaid.

It is further ordered, That prior to, or concurrently with, the issue of bonds as hereinbefore authorized, the applicant shall cancel, or cause to be canceled, the \$7,000,000 of 6 per cent refunding and improvement mortgage bonds, series B, heretofore issued by the applicant in pursuance of the authority contained in the commission's order, dated January 20, 1921, in Finance Docket No. 1065.

It is further ordered, That the order of this commission, dated November 5, 1921, in Finance Docket No. 1584, be, and the same is hereby rescinded, set aside, and vacated.

It is further ordered, That, except as herein authorized, said series-C bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered That the applicant shall within 10 days thereafter

relating to the issue and sale of said series-C bonds, and the cancellation of said \$7,000,000 of series-B bonds; and for the period ending June 30, 1922, and for each six months' period thereafter, shall, within 30 days after the close of such periods, report to this commission all pertinent facts relating to the use of the proceeds of sale; said reports to be signed and verified by an executive officer having knowledge of the facts, and to be made periodically until all of said proceeds shall have been used.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 333.

IN THE MATTER OF SETTLEMENT WITH THE CAMAS
PRAIRIE RAILROAD COMPANY UNDER SECTION 209
OF THE TRANSPORTATION ACT, 1920.

Submitted November 17, 1921. Decided March 31, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Camas Prairie Railroad Company. Proceedings dismissed.

W. F. Sercombe for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Camas Prairie Railroad Company, hereinafter termed the company, is a corporation of the State of Oregon and operates a line of road between Riparia, Wash., and Grangeville, Idaho, a distance of approximately 151.11 miles, for the benefit of the Oregon-Washington Railroad & Navigation Company and the Northern Pacific Railway Company. All revenues and expenses and any income or profit-and-loss items referable to the operation of the property are apportioned monthly to the proprietary operating companies pursuant to an operating agreement with said companies.

The company filed a written statement with us on March 13, 1920, therein accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act inasmuch as the proprietary operating companies were compensated therefor in their contracts with the director general. The provisions of section 209 of the transportation act, 1920, will have been fully applied to the operation of the company's property through the inclusion of the result of such operations in the accounts of the proprietary operating companies, which companies accepted the provisions of section 209.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

71 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 885.

IN THE MATTER OF SETTLEMENT WITH THE WESTERN ALLEGHENY RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 25, 1922. Decided March 31, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Western Allegheny Railroad Company ascertained to be \$84,226.17. An amount of \$45,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount which is to be certified in final settlement with said company is \$39,226.17. Certificate issued.

A. C. Robinson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Allegheny Railroad Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Pennsylvania. Its line of railroad connects with the Baltimore & Ohio Railroad at West Pittsburgh, Pa., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were no other accounts included in the returns of the carrier.

net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$84,226.17, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period.....	\$62, 453. 43
One-half of annual net railway operating income, test period....	25, 744. 09
	<hr/>
Total amount claimed.....	88, 197. 52
	<hr/> <hr/>

Adjustments:

One-half of annual net railway operating income of test period claimed.....	\$25, 744. 09
One-half of annual net railway operating income of test period as adjusted.....	25, 744. 59
Net addition.....	. 50
Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$95, 910. 23
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	91, 938. 38
Deduction for maintenance.....	3, 971. 85
	<hr/>
Net deductions.....	3, 971. 85
	<hr/> <hr/>

Amount necessary to make good the guaranty..... 84, 226. 17

A certificate for partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$45,000, was issued by us in favor of the carrier on April 11, 1921. The amount still due the carrier, therefore, is \$39,226.17, for which an appropriate certificate will be issued.

Certificate No. A-622 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Western Allegheny Railroad Company, a corporation of the State of Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

71 I. C. C.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$84,226.17 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$45,000 under one certificate, as follows: April 11, 1921, certificate No. 402, \$45,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of the partial payment heretofore certified as aforesaid, is \$39,226.17.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 31st day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 982.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted March 9, 1922. Decided March 31, 1922.

Upon supplemental application in respect of a loan for additions and betterments and consideration thereof, authority granted to apply an unexpended balance of the loan to new purposes. Our certificate No. 71 of February 5, 1921, 67 I. C. C., 81, so amended as to provide that the time within which the applicant shall expend or definitely obligate the loan in respect of additions and betterments be extended from December 31, 1921, to June 30, 1922.

H. A. Worcester for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On February 5, 1921, we issued our report and certificate No. 71 to the Secretary of the Treasury, 67 I. C. C., 81, approving the making of a loan of \$162,000 by the United States to the Louisville & Jeffersonville Bridge & Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling the applicant to provide itself with additions and betterments.

One of the conditions of the loan was that the applicant should furnish progress reports as to its expenditures from the proceeds of the loan on July 1, 1921, and January 1, 1922, and that the entire loan should have been expended or definitely obligated for the purposes for which loaned, or the entire loan should be repaid to the United States, on or before December 31, 1921.

On March 9, 1922, the applicant filed with us detailed statements showing expenditures made as of January 1, 1922. On the same date applicant filed application with us for authority to apply an unexpended balance of the loan, amounting to \$18,000, to the purchase and installation of a track scale at Jeffersonville, Ind., and also requested that the time within which it shall expend or definitely obligate the proceeds of the loan be extended from December 31, 1921, to June 30, 1922.

The applicant represented to us that because of the decreased cost of labor and material and other favorable conditions resulting in economies being effected, the resulting unexpended balance of the loan, amounting to \$18,000, would promote the movement of freight-train cars, if applied to the purchase and installation of a track scale required to handle business in connection with yard improvements.

After investigation, we find that the requested authority should be granted and that the time within which the applicant shall expend or definitely obligate the proceeds of the loan should be extended from December 31, 1921, to June 30, 1922.

We further find that the following purposes, which will be the basis of future reports of progress by the applicant, are necessary to enable the applicant properly to meet the transportation needs of the public:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Projects in progress at Jeffersonville, Ind.:			
Other track material.....	\$2,200	.....	\$2,200
Increased weight of rail.....	2,400	.....	2,400
Additional yard tracks.....	109,400	.....	109,400
Engine terminal facilities.....	30,000	.....	30,000
Total projects in progress.....	144,000	.....	144,000
Projects to be substituted at Jeffersonville, Ind.:			
Track scale.....	18,000	.....	18,000
Grand total.....	162,000	.....	162,000

Our certificate of February 5, 1921, will be amended accordingly.

Amendment to Certificate No. 71 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 71 of February 5, 1921, to the Secretary of the Treasury approving the making of a loan of \$162,000 by the United States to the Louisville & Jeffersonville Bridge & Railroad Company, hereinafter referred to as the applicant, by changing subparagraph (g) of paragraph 5 so that it shall read as follows:

(g) The applicant has agreed in an instrument in writing dated October 8, 1920, supplemented April 8, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be charged to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the

commission on or about January 1 and July 1, 1921, and January 1 and June 30, 1922, the detailed certificate under oath of its chief engineer, showing the character and cost of the additions and betterments made with or in connection with the loan for said purposes. The entire loan shall have been expended or definitely obligated for the purposes for which loaned, or the entire loan shall be repaid to the United States, on or before June 30, 1922.

Done in Washington, D. C., this 14th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 321.

IN THE MATTER OF SETTLEMENT WITH THE BOSTON
TERMINAL COMPANY UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted August 15, 1921. Decided April 1, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Boston Terminal Company. Proceeding dismissed.

F. S. Curtis for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Boston Terminal Company, hereinafter termed the company, is a corporation of the State of Massachusetts, and operates a passenger terminal at Boston, Mass. The company filed a written statement with us on March 10, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it, covering compensation as provided in section 1 of the Federal control act, as its property was operated for the benefit of its proprietary tenant companies, namely, the New York, New Haven & Hartford Railroad Company and the Boston & Albany Railroad (New York Central Railroad Company, lessee), and all the operating expenses, revenues, and fixed charges were cleared through the accounts of the operating tenant companies during both the test period and the guaranty period. The provisions of section 209 of the transportation act, 1920, will therefore be fully applied to the results of operations of the carrier's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part thereof: It is ordered that the proceeding be and it is hereby dismissed.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 885.

IN THE MATTER OF SETTLEMENT WITH THE WESTERN ALLEGHENY RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 25, 1922. Decided March 31, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Western Allegheny Railroad Company ascertained to be \$84,226.17. An amount of \$45,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount which is to be certified in final settlement with said company is \$39,226.17. Certificate issued.

A. C. Robinson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Western Allegheny Railroad Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Pennsylvania. Its line of railroad connects with the Baltimore & Ohio Railroad at West Pittsburgh, Pa., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called "car taxes" or "terminal charges."

net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$84,226.17, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period-----	\$62, 453. 48
One-half of annual net railway operating income, test period---	25, 744. 09
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Total amount claimed-----	88, 197. 52
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Adjustments:

One-half of annual net railway operating income of test period claimed-----	\$25, 744. 09
One-half of annual net railway operating income of test period as adjusted-----	25, 744. 59
Net addition-----	. 50
Amount claimed for maintenance of way and structures and for maintenance of equipment-----	\$95, 910. 23
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	91, 938. 38
Deduction for maintenance-----	3, 971. 85
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Net deductions-----	3, 971. 85
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Amount necessary to make good the guaranty----- 84, 226. 17

A certificate for partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$45,000, was issued by us in favor of the carrier on April 11, 1921. The amount still due the carrier, therefore, is \$39,226.17, for which an appropriate certificate will be issued.

Certificate No. A-622 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Western Allegheny Railroad Company, a corporation of the State of Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

71 I. C. C.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$84,226.17 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$45,000 under one certificate, as follows: April 11, 1921, certificate No. 402, \$45,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of the partial payment heretofore certified as aforesaid, is \$39,226.17.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 31st day of March, 1922.

71 I. C. C.

FINANCE DOCKET No. 982.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE ADDITIONS AND BETTERMENTS.

Submitted March 9, 1922. Decided March 31, 1922.

Upon supplemental application in respect of a loan for additions and betterments and consideration thereof, authority granted to apply an unexpended balance of the loan to new purposes. Our certificate No. 71 of February 5, 1921, 67 I. C. C., 81, so amended as to provide that the time within which the applicant shall expend or definitely obligate the loan in respect of additions and betterments be extended from December 31, 1921, to June 30, 1922.

H. A. Worcester for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On February 5, 1921, we issued our report and certificate No. 71 to the Secretary of the Treasury, 67 I. C. C., 81, approving the making of a loan of \$162,000 by the United States to the Louisville & Jeffersonville Bridge & Railroad Company, hereinafter referred to as the applicant, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of enabling the applicant to provide itself with additions and betterments.

One of the conditions of the loan was that the applicant should furnish progress reports as to its expenditures from the proceeds of the loan on July 1, 1921, and January 1, 1922, and that the entire loan should have been expended or definitely obligated for the purposes for which loaned, or the entire loan should be repaid to the United States, on or before December 31, 1921.

On March 9, 1922, the applicant filed with us detailed statements showing expenditures made as of January 1, 1922. On the same date applicant filed application with us for authority to apply an unexpended balance of the loan, amounting to \$18,000, to the purchase and installation of a track scale at Jeffersonville, Ind., and also requested that the time within which it shall expend or definitely obligate the proceeds of the loan be extended from December 31, 1921, to June 30, 1922.

71 I. C. C.

The applicant represented to us that because of the decreased cost of labor and material and other favorable conditions resulting in economies being effected, the resulting unexpended balance of the loan, amounting to \$18,000, would promote the movement of freight-train cars, if applied to the purchase and installation of a track scale required to handle business in connection with yard improvements.

After investigation, we find that the requested authority should be granted and that the time within which the applicant shall expend or definitely obligate the proceeds of the loan should be extended from December 31, 1921, to June 30, 1922.

We further find that the following purposes, which will be the basis of future reports of progress by the applicant, are necessary to enable the applicant properly to meet the transportation needs of the public:

Purposes.	Estimated cost.	Financed by applicant.	Loan from United States.
Projects in progress at Jeffersonville, Ind.:			
Other track material.....	\$2,200	.....	\$2,200
Increased weight of rail.....	2,400	.....	2,400
Additional yard tracks.....	109,400	.....	109,400
Engine terminal facilities.....	30,000	.....	30,000
Total projects in progress.....	144,000	.....	144,000
Projects to be substituted at Jeffersonville, Ind.:			
Track scale.....	18,000	.....	18,000
Grand total.....	162,000	.....	162,000

Our certificate of February 5, 1921, will be amended accordingly.

Amendment to Certificate No. 71 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 71 of February 5, 1921, to the Secretary of the Treasury approving the making of a loan of \$162,000 by the United States to the Louisville & Jeffersonville Bridge & Railroad Company, hereinafter referred to as the applicant, by changing subparagraph (g) of paragraph 5 so that it shall read as follows:

(g) The applicant has agreed in an instrument in writing dated October 8, 1920, supplemented April 8, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be charged to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (2) the applicant shall furnish the

commission on or about January 1 and July 1, 1921, and January 1 and June 30, 1922, the detailed certificate under oath of its chief engineer, showing the character and cost of the additions and betterments made with or in connection with the loan for said purposes. The entire loan shall have been expended or definitely obligated for the purposes for which loaned, or the entire loan shall be repaid to the United States, on or before June 30, 1922.

Done in Washington, D. C., this 14th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 321.

IN THE MATTER OF SETTLEMENT WITH THE BOSTON
TERMINAL COMPANY UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted August 15, 1921. Decided April 1, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Boston Terminal Company. Proceeding dismissed.

F. S. Curtis for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Boston Terminal Company, hereinafter termed the company, is a corporation of the State of Massachusetts, and operates a passenger terminal at Boston, Mass. The company filed a written statement with us on March 10, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it, covering compensation as provided in section 1 of the Federal control act, as its property was operated for the benefit of its proprietary tenant companies, namely, the New York, New Haven & Hartford Railroad Company and the Boston & Albany Railroad (New York Central Railroad Company, lessee), and all the operating expenses, revenues, and fixed charges were cleared through the accounts of the operating tenant companies during both the test period and the guaranty period. The provisions of section 209 of the transportation act, 1920, will therefore be fully applied to the results of operations of the carrier's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part thereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 332.

IN THE MATTER OF SETTLEMENT WITH THE CALUMET
WESTERN RAILWAY COMPANY UNDER SECTION 209
OF THE TRANSPORTATION ACT, 1920.

Submitted August 26, 1921. Decided April 1, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Calumet Western Railway. Proceeding dismissed.

W. C. Wishart for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Calumet Western Railway Company, hereinafter termed the carrier, is a corporation of the State of Illinois and owns 3.42 miles of main track extending from Hegewisch to South Chicago, Ill., which property is used by its proprietary companies and the Belt Railway of Chicago for the interchange of freight traffic and to reach industries adjacent to its property. The maintenance and operation of the road is under the supervision of the Indiana Harbor Belt Railroad Company and the Pennsylvania Company in alternate years. The carrier filed a written statement with us on March 13, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920. The carrier's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, as its property was operated by and for the benefit of its proprietary companies, namely the Pennsylvania Company, the Indiana Harbor Belt Railroad Company, and the Chicago, Rock Island & Pacific Railway Company, and all the operating expenses, revenues, and fixed charges were billed to and included in the accounts of the operating tenant companies during both the test and guaranty periods. The provisions of section 209 of the transportation act, 1920, will therefore be fully applied to the results of operations of the carrier's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the carrier, and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof;

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 399.

IN THE MATTER OF SETTLEMENT WITH THE CITY OF
PRINEVILLE RAILWAY UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted March 10, 1921. Decided April 1, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the City of Prineville Railway. Proceeding dismissed.

E. J. Wilson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTS
BY DIVISION 4:

The City of Prineville Railway, hereinafter referred to as carrier, is unincorporated and is owned and operated by the city of Prineville, Oreg. Since January, 1919, it has operated a line of railroad extending from Prineville to Prineville Junction, Oregon, a distance of approximately 19 miles, connecting at the latter place with the lines of the Oregon-Washington Railroad & Navigation Company, which latter company was under Federal control at the termination thereof. The carrier filed a written statement with the Commission on March 15, 1920, accepting all of the provisions of section 209 of the transportation act, 1920. It has not filed returns in response to the Commission's orders of October 18, 1920, January 5, 1921, or October 15, 1921, but has submitted a statement indicating the inapplicability of said section 209 to its case, wherein it is evidenced that the line of railway was not operated prior to January, 1919, and was not under Federal control at the termination thereof.

In view of the fact that the carrier's property was not under Federal control prior to January, 1919, and was not under Federal control at the termination thereof, there is no basis under the provisions of section 209 for computing the amount necessary to make good the loss to it thereunder.

We find that the provisions of said section 209 are not applicable to the carrier and the proceeding will accordingly be dismissed. An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 604.

IN THE MATTER OF SETTLEMENT WITH THE MACON
TERMINAL COMPANY UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted July 29, 1921. Decided April 1, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Macon Terminal Company. Proceeding dismissed.

W. B. McKinstry for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Macon Terminal Company, hereinafter termed the company, is a corporation of the State of Georgia and operates a passenger terminal at Macon, Ga. The company filed a written statement with us on March 15, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act. The property in question is operated for the benefit of its tenant lines, and all the operating expenses, revenues, and fixed charges were billed to and included in accounts of the operating tenant companies during the test and guaranty periods. The provisions of section 209 of the transportation act, 1920, will, therefore, be fully applied to the results of operations of the company's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of section 209 are not applicable to the company, and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 958.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE FORT SMITH & WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted March 25, 1922. Decided April 1, 1922.

Upon supplemental application and consideration thereof, certificate of December 6, 1920, so amended as to provide that the time within which the entire loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned be extended from January 1, 1922, to July 1, 1922. Former report, 65 I. C. C., 459.

Charles T. O'Neal, receiver, for himself.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

On December 6, 1920, we issued our report and certificate No. 48 to the Secretary of the Treasury, 65 I. C. C., 459, approving the making of a loan of \$156,000 by the United States to Arthur L. Mills, receiver of the Fort Smith & Western Railroad Company, in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of aiding the receiver in providing himself with equipment and other additions and betterments.

One of the conditions of the loan was that the receiver should furnish us on or about July 1 and December 1, 1921, progress reports of the expenditures from the loan for additions and betterments. When we issued our report and certificate of December 6, 1920, we inadvertently included in the conditions of the loan a condition that the entire loan for additions and betterments should have been expended or definitely obligated for the purposes for which loaned, or should be repaid, on or before July 1, 1921. This was corrected by our letter of June 29, 1920, informally authorizing an extension of the time to January 1, 1922.

On April 15, 1921, Arthur L. Mills resigned and Charles T. O'Neal, hereinafter referred to as the receiver, was regularly appointed to succeed him. On December 14, 1921, the receiver filed a request, supplemented January 21, 1922, that the time within which he may expend or definitely obligate the remainder of the proceeds of the loan for additions and betterments be extended from January 1, 1922, to July 1, 1922.

The receiver represents that he has not expended or obligated the full amount loaned for additions and betterments for the reason that owing to the great decrease in business there is no immediate public need for the use of the additions and betterments. He states his belief that the cost of labor and materials required will decrease, and that by postponing the full expenditure or definite obligation of the loan he will derive greater benefit therefrom than would have been derived if all of the proceeds of the loan for additions and betterments had been expended or definitely obligated within the time originally fixed, and that said extension of time is necessary to enable him properly to serve the transportation needs of the public.

We find that the authority requested should be granted, and that the time within which the receiver shall expend or definitely obligate the proceeds of the loan for additions and betterments will be extended from January 1, 1922, to July 1, 1922.

Our certificate No. 48 of December 6, 1920, will be amended accordingly.

Amendment to Certificate No. 48 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 48 of December 6, 1920, to the Secretary of the Treasury, approving the making of a loan of \$156,000 by the United States to Arthur L. Mills, receiver of the Fort Smith & Western Railroad Company, by changing paragraph 5 (e) to read as follows:

(e) The receiver has agreed in an instrument in writing dated November 1, 1920, supplemented April 7, 1922, and filed with the Interstate Commerce Commission, to the following conditions: (1) The amount to be financed by the receiver in connection with the loan shall be so financed that the cost to the receiver of any loans secured from sources other than the United States shall not exceed $7\frac{1}{2}$ per cent per annum, including in such cost discounts, attorneys' fees, and any and all other expenses in connection with said loans; (2) the expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made; and (3) the receiver shall furnish the commission on or about July 1, 1921, December 1, 1921, and July 1, 1922, the detailed certificate under oath of his chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The loan for additions and betterments shall have been expended or definitely obligated for the purposes for which loaned, or shall be repaid to the United States, on or before July 1, 1922.

Done at Washington, D. C., this 12th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 1268.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & ILLINOIS WESTERN RAILROAD FOR AUTHORITY TO ISSUE CAPITAL STOCK.

Submitted March 24, 1922. Decided April 1, 1922.

Previous order modified so as to authorize issue of \$291,000 of 7 per cent noncumulative preferred capital stock, instead of \$600,000 of such stock, conditions as to expenditures for capital purposes prior to declaration of dividends being eliminated. Former report, 70 I. C. C., 652.

Pringle & Terwilliger for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

By our order in this proceeding dated December 3, 1921, 70 I. C. C., 652, we authorized the Chicago & Illinois Western Railroad to issue \$600,000 of 7 per cent noncumulative preferred capital stock to the Dolese & Shepard Company in liquidation of an equal amount of interest-bearing indebtedness to that company, provided, however, that before declaring any dividends, not less than \$309,000 should be expended from its income for additions and betterments and/or in retirement of its 6 per cent general-mortgage bonds then outstanding.

Prior to its entry the applicant advised us that the proviso in the order would be acceptable. A supplemental application has been filed requesting a modification of the order so as to authorize the issue of \$291,000 of stock without the limitation regarding dividends being imposed, it having developed that the proviso as to dividends is not acceptable to Dolese & Shepard.

The record shows that \$291,914.81 of the advances received from the Dolese & Shepard Company was used in acquiring equipment against which it is proper to authorize the issue of capital stock. The applicant states that the Dolese & Shepard Company will accept the \$291,000 of preferred capital stock in liquidation of a like amount of interest-bearing indebtedness.

We find that the proposed issue by the applicant of \$291,000 of 7 per cent noncumulative preferred capital stock (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public

as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate supplemental order will be entered.

SUPPLEMENTAL ORDER.

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the first and third ordering paragraphs of our order herein, dated December 3, 1921, be, and they are hereby, modified to read as follows:

It is ordered, That the Chicago & Illinois Western Railroad be, and it is hereby, authorized to issue \$291,000 of 7 per cent noncumulative preferred capital stock, consisting of 2,910 shares of the par value of \$100, the certificates representing said shares to be in the form submitted with the application; said stock to be delivered to the Dolese & Shepard Company in liquidation of \$291,000 of interest-bearing indebtedness of the applicant to that company.

It is further ordered, That the applicant shall within 10 days thereafter report to this commission all pertinent facts relating to the issue and delivery of said preferred stock, such report to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That, except as herein modified, said order of December 3, 1921, shall remain in full force and effect.

71 I. C. C.

FINANCE DOCKET No. 1989.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI, INDIANAPOLIS & WESTERN RAILROAD COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF FIRST-MORTGAGE BONDS.

Submitted January 26, 1922. Decided April 1, 1922.

Authority granted to procure authentication and delivery to applicant's treasurer of \$1,129,000 of first-mortgage 5 per cent gold bonds, to be held in the treasury until the further order of the commission.

Cadwalader, Wickersham & Taft for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By Division 4:

The Cincinnati, Indianapolis & Western Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to procure authentication and delivery to its treasurer of \$1,129,000 of first-mortgage 5 per cent gold bonds. No objection to the granting of the application has been presented to us.

By the provisions of the first gold-bond mortgage dated November 1, 1915, made by the applicant to the Equitable Trust Company of New York and Frederick E. Mowle, a copy of which has been filed with us, the applicant is authorized to issue bonds not to exceed \$12,000,000, dated November 1, 1915, maturing November 1, 1965, and bearing interest at the rate of 5 per cent per annum. Of the bonds so issuable \$2,675,000 have been issued and are now outstanding.

Section 2 of article second of the mortgage authorizes the authentication and delivery of bonds from time to time by the corporate trustee for the purposes, among others, of reimbursing the applicant's treasury for expenditures made subsequent to the date of the mortgage for the construction or acquisition of additional track, extensions, terminal properties, facilities, and other property, rolling stock, and equipment, including principal payments on account of or in connection with any equipment trust or lease of the applicant, and for improvements, additions, and betterments. The applicant shows that during the period from December 1, 1915, to March 31, 1921, it expended \$1,129,398.49 for such purposes, none of which has been capitalized. The applicant is therefore entitled

to have bonds for a like amount authenticated and delivered to it in reimbursement of those expenditures. It desires to draw down \$1,129,000 of bonds at this time to capitalize a like amount of expenditures and to hold them subject to such further disposition as may hereafter be authorized by us.

We find that the proposed procurement of authentication and delivery of bonds by the trustee to the treasurer of the applicant as aforesaid (a) is for a lawful object within the applicant's corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in order that it may reimburse its treasury for expenditures to the extent of \$1,129,000 for capital purposes which have not heretofore been capitalized, the Cincinnati, Indianapolis & Western Railroad Company be, and it is hereby, authorized to procure authentication and delivery by the corporate trustee to its treasurer of \$1,129,000, principal amount, of its first-mortgage gold bonds, under and pursuant to and to be secured by the first mortgage dated November 1, 1915, made by the applicant to the Equitable Trust Company of New York and Frederick E. Mowle; said bonds to be dated November 1, 1913, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1, and to mature November 1, 1965, and when so authenticated and delivered by the trustees to be held in the treasury of the applicant.

It is further ordered, That said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant unless and until so authorized by this commission.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to the authentication and delivery of said bonds to its treasurer; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 156.

IN THE MATTER OF SETTLEMENT WITH THE KENTWOOD, GREENSBURG & SOUTHWESTERN RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided April 3, 1922.

1. The Kentwood, Greensburg & Southwestern Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Kentwood, Greensburg & Southwestern Railroad Company, under provisions of section 204 ascertained to be \$52,423.22, from which no amount is deductible, as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

Robert Stainback for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Kentwood, Greensburg & Southwestern Railroad Company, a corporation of the State of Louisiana, hereinafter termed the carrier, is a narrow-gauge steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Freiler and Kent's Mill, La., a distance of approximately 16 miles, its line connecting at Kent's Mill with the Illinois Central Railroad, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 24, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 25, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract or other contract with the director general for any portion of the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$70,364.64. Our examination of the accounts for the period from June 25, 1918, to February 29, 1920, shows the net credit to the carrier before making the adjustments

necessary under the provisions of subdivision (f) of section 209, authorized under said section 204, for that period to be \$52,943.88. The mileage operated during both the Federal control period and the test period was approximately 16 miles.

Consideration has been given by us as to the allowance for maintenance of way and structures and maintenance of equipment, and, applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$520.66 of the maintenance expenditures during the Federal control period.

We, therefore, find a net credit of \$52,423.22 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States for the period June 25, 1918, to February 29, 1920, both dates inclusive, under the provisions of said section 204.

An appropriate certificate will be issued.

Certificate No. B-91 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Kentwood, Greensburg & Southwestern Railroad Company, hereinafter termed the carrier, is a corporation of the State of Louisiana and is a carrier as defined under section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$52,423.22.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 3d day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 356.

IN THE MATTER OF SETTLEMENT WITH THE CHARLESTON UNION STATION COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted May 19, 1921. Decided April 3, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Charleston Union Station Company. Proceeding dismissed.

H. C. Prince for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Charleston Union Station Company, hereinafter termed the company, is a corporation of the State of South Carolina, and operates a passenger terminal at Charleston, S. C. The company filed a written statement with us on March 13, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act. The property in question is operated for the benefit of its tenant lines and all the operating expenses, revenues, and fixed charges were billed to and included in accounts of the operating tenant companies during the test and guaranty periods.

The provisions of section 209 of the transportation act, 1920, will therefore be fully applied to the results of operations of the company's property during the guaranty period through inclusion thereof in the accounts of the tenant lines which accepted the guaranty.

We therefore find that the provisions of said section 209 are not applicable to the carrier and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

71 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 1622.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIAN RAILWAY COMPANY FOR AUTHORITY TO ISSUE CERTAIN BONDS.

Submitted March 15, 1922. Decided April 3, 1922.

Authority granted to issue not exceeding \$1,590,000, of series-A 5 per cent first-mortgage 50-year gold bonds; said bonds to be pledged as part collateral security for a 6 per cent promissory note in the amount of \$2,000,000, issued or to be issued by the applicant to the Director General of Railroads.

E. W. Knight for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Virginian Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act, to issue \$1,807,000, of series-A 5 per cent first-mortgage 50-year gold bonds, for the purpose of reimbursing its treasury for expenditures therefrom for additions and betterments to its property; said bonds to be pledged as part collateral security for a 6 per cent promissory note in the amount of \$2,000,000 issued or to be issued by the applicant to the Director General of Railroads. No objection has been made to the granting of the application.

By the provisions of the applicant's first mortgage, dated May 1, 1912, to the Farmers' Loan & Trust Company, of New York, trustee, a copy of which has been filed with us, the applicant is authorized to issue bonds not to exceed \$75,000,000, bearing interest at such rate, not exceeding 5 per cent per annum, as may be determined by it, and maturing May 1, 1962, for the purposes, among others, of reimbursing its treasury for expenditures for additions and betterments to its property, including the construction of second track. Bonds aggregating \$35,844,000 have heretofore been issued under the mortgage, of which \$32,844,000 are actually outstanding and \$3,000,000 have been pledged with the Secretary of the Treasury as collateral security for a loan from the United States under section 210 of the transportation act, 1920, as amended.

The applicant states that from May 1, 1912, to July 31, 1921, it has expended \$12,082,923.06 for additions and betterments other than

71 I. C. C.

second track, and \$4,504,225.45 for second track; that a large part thereof has heretofore been capitalized by the execution of bonds, but that it is now entitled, under sections 1 and 2 of article 4 of the mortgage, to draw down a further amount of \$1,807,000 of bonds in order to complete the reimbursement of its treasury on account of the above expenditures. From the certificates which were submitted by the applicant of expenditures from March 1, 1920, to July 31, 1921, for additions and betterments other than for second track, it appears that an amount of \$289,847.35 was erroneously charged to capital account, and should be deducted from the total amount of such expenditures which are represented by the applicant to be capitalizable. Inasmuch as the applicant in this proceeding seeks authority to draw down bonds against this expenditure in the ratio of 75 per cent of bonds to 100 per cent of expenditure established by the mortgage, it follows that the total amount of bonds now properly issuable should be decreased by approximately \$217,000 to an amount of \$1,590,000. The bonds will be dated May 1, 1912, will mature May 1, 1962, and will bear interest at the rate of 5 per cent per annum, the rate borne by the bonds heretofore executed.

The applicant became indebted to the United States in the approximate amount of \$5,000,000, on account of expenditures for additions and betterments made to the applicant's property during the period of Federal control. The applicant represents that the Director General of Railroads is withholding payment of an equal amount of the just compensation earned by the applicant during that period, but has agreed to forthwith fund, according to the provisions of section 207 of the transportation act, 1920, \$2,000,000 of the indebtedness of the applicant on account of such expenditures. The Director General of Railroads will pay a like amount to the applicant on account of the just compensation earned by it during the period of Federal control, upon satisfactory security being given by the applicant for the payment of the indebtedness so funded. The applicant proposes to pledge the \$1,590,000 of bonds, which it is now entitled to draw down, as part security, at least, for its payment of the indebtedness to the Director General of Railroads.

We find that the proposed issue of \$1,590,000 of first-mortgage 50-year gold bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier and which will not impair its ability to perform that service; and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in reimbursement of its treasury for expenditures for additions and betterments, including the construction of second track, the Virginian Railway Company be, and it is hereby, authorized to issue not exceeding \$1,590,000, principal amount, of its series-A first-mortgage 50-year gold bonds, under and pursuant to and to be secured by its first mortgage, dated May 1, 1912, to the Farmers' Loan & Trust Company of New York, trustee; said bonds to be dated May 1, 1912, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature on May 1, 1962; said bonds to be pledged as part collateral security for a 6 per cent promissory note in the amount of \$2,000,000 issued or to be issued by the applicant to the Director General of Railroads or to his order.

It is further ordered, That except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the pledge of the said bonds, and (2) the release of the said bonds from pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

FINANCE DOCKET No. 2199.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO ABANDON A PORTION OF A BRANCH LINE OF RAILROAD.

Submitted March 28, 1922. Decided April 3, 1922.

Certificate issued authorizing the abandonment of a portion of a branch line of railroad in Carroll and Stark Counties, Ohio.

W. D. Owens for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a carrier by railroad subject to the interstate commerce act, on January 25, 1922, filed an application for a certificate of public convenience and necessity pursuant to paragraph (18) of section 1 of the interstate commerce act authorizing it to abandon that portion of its Magnolia branch extending from a point 1,000 feet east of Wilcox Mine to Magnolia, a distance of 2.76 miles, of which 1.19 miles are in Carroll County and 1.57 miles are in Stark County, in the State of Ohio. No representations have been made by the State authorities and no objections to the proposed abandonment have been filed with us.

The Magnolia branch extends from a connection with applicant's line at Sandyville in a general easterly direction to Magnolia, a distance of 5.06 miles. It was constructed in 1898 in order to reach Magnolia, a town of approximately 650 population. The Magnolia Coal Company advanced \$35,000 to aid in its construction, which amount, it is stated, was subsequently refunded on the basis of revenue tons received from the mines of that company.

The only town on the portion of the branch to be abandoned is Magnolia. It is stated that the population tributary to the line does not exceed 1,150, including the population of Magnolia. The Pennsylvania Railroad Company operates a line through Magnolia, thereby affording more adequate train service in two directions, as compared with service over the branch terminating at Magnolia, which reaches territory with which the people of Magnolia have little or no trade affiliations. The only industry located on the por-

tion of the line to be abandoned is a flour mill at Magnolia. Applicant states that 90 per cent of the traffic of this mill moves over the Pennsylvania Railroad, which could take care of all its business. All industries in the tributary territory are located on and are served by the Pennsylvania Railroad, which parallels the line to be abandoned at a maximum distance of less than one mile.

For the five years ending December 31, 1920, the total tonnage hauled over the branch was 128,760 tons, of which coal traffic constituted 92.8 per cent. All of the coal traffic was outbound and did not move over that portion of the branch which it is proposed to abandon. The major portion of the coal movement consisted of the output of the Wilcox mine, the track to which is not to be abandoned. Prior to August, 1918, a scheduled mixed train was operated between Sandyville and Magnolia. This service was discontinued at that time and since then any local freight has been hauled by a district engine which serves the branch two or three times a week. In the last six months of 1921 only two cars of freight were handled over that part of the branch which it is desired to abandon. No passenger revenue has been derived from the branch since April, 1918, and no facilities for the transportation of passengers have been afforded since August, 1918.

Applicant states that the condition of that portion of the branch which it is desired to abandon is such that it will require rebuilding, including the renewal of a bridge, in order to permit its continued operation. The estimated cost of such rehabilitation is \$9,000. It is asserted that the future of this part of the branch holds no prospect of revenue-producing tonnage and that no inconvenience would result to the public on account of its abandonment.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of that portion of the Magnolia branch extending from a point 1,000 feet east of Wilcox Mine to Magnolia.

A certificate and order to that effect will be entered accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Baltimore & 71 I. C. C.

Ohio Railroad Company of that portion of the branch line of railroad in Carroll and Stark Counties, Ohio, extending from a point 1,000 feet east of Wilcox Mine to Magnolia, described in the application and report aforesaid.

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to abandon said portion of said branch line of railroad.

It is further ordered, That the Baltimore & Ohio Railroad Company, when filing schedules canceling tariffs applicable to said portion of said branch line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 2200.

IN THE MATTER OF THE APPLICATION OF THE BALTIMORE & OHIO RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO ABANDON A BRANCH LINE OF RAILROAD.

Submitted March 29, 1922. Decided April 3, 1922.

Certificate issued authorizing the abandonment of a branch line of railroad in Stark County, Ohio.

W. D. Owens for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a carrier by railroad subject to the interstate commerce act, on January 25, 1922, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon its Pigeon Run branch, which is located wholly in Stark County, Ohio. No representations have been made by the State authorities and no protests against the proposed abandonment have been filed with us.

The Pigeon Run branch extends from a connection with the Cleveland, Lcrain & Wheeling branch of applicant's railroad, at a point 2.3 miles west of Justus, in a westerly direction to the Woodland mine, a distance of 5.62 miles, with a branch therefrom running in a southwesterly direction to the Charlotte mine, a distance of 1.42 miles, with 0.27 mile of sidetrack. The total length of track proposed to be abandoned is 7.31 miles.

The branch was constructed in 1880, or about that time, to reach coal lands in the vicinity of Pigeon Run and Greenville. There are no cities, towns, or villages located on the line. There are a few farmers in the territory traversed by the branch, but they do not depend upon the line for their transportation requirements. No passenger trains have ever been run and no scheduled freight service has been maintained, the freight movement having been limited to mine runs.

For the five years ending December 31, 1920, the total tonnage hauled over the branch was 361,119 tons, of which coal traffic comprised 358,155 tons, equal to 99.18 per cent of the total. The remaining traffic consisted of commodities incidental to coal-mining operations. It is stated that the coal lands have been worked out and that the mines along the branch have been closed and dismantled. That portion of the line extending from West Lebanon Branch Junction to the Woodland mine, a distance of 1.46 miles, has not been in use for several years, and in many places fences have been built across the track. No trains have been operated on the branch for several months and it is now used only for the storage of cars. Applicant states that the only business done on the branch in the last year consisted of spotting four cars for unloading at a point 600 feet from the main line.

It appears that the branch is in poor physical condition. The track is laid with 56-pound and 60-pound rails, which are badly worn, and no tie renewals have been made for a long time. Applicant states that there is no business in prospect to justify any expenditures for repairs or renewals, and that the public would not be inconvenienced by the proposed abandonment.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment of the branch line of railroad in question. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Baltimore & Ohio Railroad Company of the branch line of railroad in Stark County, Ohio, described in the application and report aforesaid.

It is ordered, That the Baltimore & Ohio Railroad Company be, and it is hereby, authorized to abandon said branch line of railroad.

It is further ordered, That said Baltimore & Ohio Railroad Company, when filing schedules canceling tariffs applicable to said branch line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 2285.

IN THE MATTER OF THE APPLICATION OF THE NEW YORK, CHICAGO & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted March 14, 1922. Decided April 3, 1922.

Authority granted to assume obligation and liability, as guarantor and otherwise, in respect of \$360,000 of 5½ per cent certificates to be issued by the Union Trust Company, of Cleveland, Ohio, under an equipment-trust agreement dated May 1, 1922, and to be sold at not less than 96½, in connection with the procurement of 300 stock cars.

C. C. Collister for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New York, Chicago & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$360,000 of New York, Chicago & St. Louis Railroad 5½ per cent sinking-fund equipment-trust certificates of 1922, by entering into an equipment-trust agreement under which the certificates will be issued, and into a lease with the trustee thereunder covering the trust equipment, and by indorsing upon each certificate its guaranty of the payment of the principal thereof and dividends thereon. No objection to the granting of the application has been presented to us.

The applicant represents that it owns no stock cars, but under a lease subject to cancellation on six months' notice it is in possession of 115 such cars, a number insufficient to meet its requirements. The applicant further represents that in order to avoid the use of foreign cars and per diem expense in connection therewith and to handle efficiently and economically its traffic and to perform adequately service to the public, it is necessary to acquire additional stock cars. It proposes to acquire for such purposes 300 steel-under-frame composite stock cars, 80,000-pound capacity, at an approximate total cost of \$454,000.

In pursuance of its plan to acquire such cars, the applicant proposes to assign a contract heretofore made by it with an equipment manufacturer to R. G. Eberly and C. L. Peckham, who will procure the stock cars from the manufacturer and as vendors will sell, assign, and transfer the same to the Union Trust Company, of Cleveland, Ohio, as trustee. The trust company will deliver to the vendors, or upon their order, for distribution to the subscribers to the equipment trust, New York, Chicago & St. Louis Railroad $5\frac{1}{2}$ per cent sinking-fund equipment-trust certificates of 1922, in an amount equal to 80 per cent of the cost of the trust equipment but not exceeding \$360,000. The remainder of the purchase price will be paid in cash from moneys payable by the applicant under the terms of the equipment lease hereinafter mentioned.

The equipment-trust agreement, hereinbefore mentioned, a copy of which is filed with the application, will be dated May 1, 1922, and will be entered into by and between said Eberly and Peckham, as vendors, the Union Trust Company, of Cleveland, Ohio, as trustee, and the applicant. Pursuant to the terms of the trust agreement, the trust company, as trustee, will execute the trust certificates evidencing shares in such equipment trust. The certificates are to be in the denomination of \$1,000, payable to bearer, or, if registered, to the registered holder thereof, on May 1, 1932, with dividend warrants attached entitling the holders to dividends at the rate of $5\frac{1}{2}$ per cent per annum from May 1, 1922, payable semiannually on May 1 and November 1 in each year.

The proposed trust agreement provides, among other things, for (a) the establishment of a sinking fund into which shall be paid annually in cash moneys payable by the applicant under the terms of the equipment lease, for the purchase and retirement of equipment-trust certificates; (b) the redemption of the trust certificates at not exceeding 102 per cent of par and accrued dividends; and (c) the allowance of interest upon all moneys received by the trustee under its provisions, or the provisions of the equipment lease.

By the terms of the trust agreement, the applicant will indorse on the trust certificates to be issued thereunder, substantially in the form given therein, its unconditional guaranty of the payment of the principal thereof and dividends thereon when the same shall become due and payable.

Concurrently with the execution of the trust agreement, the applicant will execute a lease with the trustee, the Union Trust Company, of Cleveland, Ohio, under date of May 1, 1922, whereby the latter will lease to the former the equipment procured from the vendors. A copy of the lease is filed with the application and provides, among other things, that the lessee shall pay to the lessor (a)

cash equal to the difference between the cost of the trust equipment delivered and the principal amount of trust certificates issuable in respect thereof; (b) necessary and reasonable expenses of the trust; (c) amounts equivalent to the dividend warrants, when and as the same shall become payable; (d) \$36,000 annually on or before March 15 in each year from 1923 to 1931, inclusive, as sinking-fund payments; and (e) on May 1, 1932, an amount sufficient to pay the principal of all trust certificates which shall not theretofore have been redeemed or retired.

Until the payments provided for in the lease shall have been fully made and completed, the lease is to continue in force and title to the trust equipment is to remain in the trustee. When all of its requirements shall have been complied with, the lease will terminate and the trust equipment become the absolute property of the applicant.

Arrangements have been made to sell the trust certificates to Dillon, Read & Company, of New York City, at 96½ per cent of par and dividends accrued to the date of sale. On such basis the annual cost to the applicant will be approximately 6 per cent on the proceeds of the certificates.

We find that the assumption of obligation and liability by the applicant as hereinbefore described (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That for the purpose of acquiring possession of, right to use, and ultimately title to, the equipment described in the application and report aforesaid, the New York, Chicago & St. Louis Railroad Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$360,000, principal amount, of New York, Chicago & St. Louis Railroad 5½ per cent sinking-fund equipment-trust certificates of 1922, to be issued by the Union Trust Company, of Cleveland, Ohio, trustee, (a) by entering into an equipment-trust agreement, to be dated May 1, 1922, with R. G.

Eberly and C. L. Peckham, as vendors, and the Union Trust Company, of Cleveland, Ohio, as trustee, providing for the issue of said certificates with dividend warrants attached, and guaranteeing payment of the principal of said certificates and of the dividends thereon, when and as the same shall become due and payable; (b) by indorsing upon each of said certificates its unconditional guaranty of the payment of said principal and dividends; and (c) by entering into a lease of the equipment covered by said equipment-trust agreement with the said Union Trust Company, of Cleveland, Ohio, trustee, to be dated May 1, 1922, thereby agreeing to pay rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application, and said certificates, dividend warrants, and indorsements of guaranty to be substantially in the respective forms set forth in said trust agreement; said certificates to entitle the bearer or registered owner thereof to a share in said trust and to semiannual dividends thereon at the rate of 5½ per cent per annum, to be dated May 1, 1922, to be in the denomination of \$1,000, and to be payable on May 1, 1932, subject to redemption on semiannual dividend dates as set forth in said trust agreement; said certificates to be sold at not less than 96¼ per cent of par and dividends accrued to the date of sale, and the entire proceeds used in the acquisition of the said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission certified copies of said equipment-trust agreement and of said lease in the forms in which they were respectively executed.

It is further ordered, That within 30 days after June 30, 1922, and within 30 days after the close of each period of six months thereafter, the applicant shall report to this commission all pertinent facts relating to delivery of said equipment, the issue and sale of said trust certificates, the application of the proceeds thereof, and the payment and cancellation of any such certificates; such reports to be rendered until all of the proceeds shall have been applied, and until all of the said certificates shall have been paid and canceled, and to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said trust certificates, or dividends thereon.

FINANCE DOCKET No. 1973.

IN THE MATTER OF THE APPLICATIONS OF THE MISSOURI & NORTH ARKANSAS RAILROAD COMPANY, OF ITS RECEIVER, AND OF ORGANIZERS OF THE MISSOURI & NORTH ARKANSAS RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES.

Submitted March 29, 1922. Decided April 4, 1922.

Upon applications and consideration thereof, loan of \$3,500,000 for maturing indebtedness and additions and betterments approved.

Charles Gilbert, J. C. Murray, and Festus J. Wade for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On December 9, 1921, Charles Gilbert, vice president, and J. C. Murray, receiver, of the Missouri & North Arkansas Railroad Company, made application to us for a loan of \$3,500,000 from the United States in accordance with section 210 of the transportation act, 1920, as amended, for the purpose of paying off receiver's certificates and other indebtedness for additions and betterments and for working capital; and on January 18, 1922, the Missouri & North Arkansas Railroad Company filed an application for a loan in like amount, to be applied to maturing indebtedness, new equipment, additions and betterments, and working capital.

On February 28, 1922, Festus J. Wade, Charles Gilbert, and others, proposing to reorganize the Missouri & North Arkansas Railroad Company under the style and name of the Missouri & North Arkansas Railway Company, hereinafter referred to as the applicant, filed a concurrence to the aforesaid application of the Missouri & North Arkansas Railroad Company and joined in said application on behalf of themselves and others to join with them in the reorganization as aforesaid.

The aforementioned applications were accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the property, together with such other facts relating to the propriety and expediency of granting the loan applied

for and the ability of the applicants to make good the obligation as we deemed pertinent to the inquiry.

Pursuant to an order of the United States District Court for the Eastern District of Arkansas, all of the properties, rights, and franchises of the Missouri & North Arkansas Railroad Company will be sold April 10, 1922, under foreclosure proceedings, the upset price being \$3,000,000; and by virtue of such sale all of said properties, rights and franchises will be completely released from all of the existing claims and obligations of the receiver. The applicant proposes to acquire at said foreclosure sale all of said properties, rights, and franchises, and to become a carrier by railroad subject to the interstate commerce act, and has agreed that the necessary proceedings shall be taken to cancel all of the stocks, bonds, and other securities of the Missouri & North Arkansas Railroad Company or of others which in any way constitute a lien upon the railway property and equipment, to the end that the use of said properties may be continued by it in the service of transportation free from all liens and incumbrances arising out of the receivership proceedings.

The applicant has completed all of the details of its organization and incorporation as a common carrier, and on March 29, 1922, filed with us an application under section 20a of the act for appropriate authority for capital issues,¹ as follows:

Capital stock.....	\$3, 000, 000
First-mortgage bonds.....	5, 000, 000
Total.....	8, 000, 000

Protests against the granting of the loan were made by System Federation No. 27 of the Harrison National Farm Loan Association, and Division 425 of the Order of Railroad Conductors, and a general protest was made on behalf of railroad employees represented by the Brotherhood of Locomotive Engineers, Brotherhood of Railroad Trainmen, Order of Railway Conductors, Brotherhood of Locomotive Firemen and Enginemen, International Association of Machinists, International Brotherhood of Railway Carmen, Brotherhood of Railway Clerks, and others. None of these protests raised issues which it is within our power to consider under the provisions of section 210 of the transportation act, 1920, as amended.

The line of railroad to be acquired by applicant extends from Joplin, Mo., to Helena, Ark., a distance of 368 miles, and is the shortest main-line distance between those points. It extends through 3 counties in Missouri and 12 in Arkansas, and draws traffic from 1 additional Missouri county and 10 additional Arkansas counties. The total area tributary to the line and depending principally upon it

¹ Securities of Missouri & North Arkansas Ry., post, 439.

for service is estimated at 5,394 square miles, with a population of from 126,648 to 145,295, not including the portion of the line operated under trackage rights. The value of the farm property in this tributary territory is estimated at \$76,728,000. Two-thirds of the mileage is through a community practically without other rail transportation, and the remainder can reach rail connections only under conditions which leave it in almost as helpless a state. The property has been in receivership since April 1, 1912, and on July 31, 1921, operations were suspended.

The receiver has heretofore made application to us for increases in the existing divisions of through rates with connecting lines, and in our report and order in the proceeding under *Divisions of Joint Rates and Fares of M. & N. A. R. R. Co.*, 68 I. C. C., 47, we granted certain increases in such divisions in favor of the receiver, which will inure to applicant. We have granted fourth-section relief, and authorized increases in certain rates of the Missouri & North Arkansas; and the United States Railroad Labor Board, on February 18, 1922, granted a 25 per cent reduction in the wage scale in effect at the time of suspension of operation.

In our consideration of the application for increases in divisions of the through rates we found that this railroad, in its entirety, is at present, irrespective of the advisability of its original construction, a public necessity, and that operation of the property in the service of transportation should be resumed and continued. We there found that there was a present emergency which is intensified by the coming of the planting season and the presence of perishable commodities along the line awaiting shipment.

It may be that theoretically some plan of operation involving a smaller Government loan should be possible, but from the record it appears that strenuous efforts have been made to induce the investment of funds in this property in amounts sufficient to assure its operation, and that the only practical offer of operation secured is that herein involved; and it is our opinion that with the granting of these applications operations can and will be resumed on a basis which will insure service adequate to the transportation needs of the public. The emergency nature of the proceeding involving a present public necessity precludes speculation with possibilities and places the issue squarely upon the present offer. Our rejection of that offer would leave no plan of operation before us.

The investment in road and equipment of the Missouri & North Arkansas Railroad Company is reported at \$18,173,475.39. In addition to the indebtedness to the Director General of Railroads, the outstanding receiver's certificates and other liabilities for which pro-

vision is made in that part of the loan, \$3,000,000, made to meet maturing indebtedness, there are outstanding obligations and securities of the company, as follows:

Capital stock-----	\$8, 340, 000
First-mortgage bonds-----	8, 340, 000
Total-----	16, 680, 000

The applications must be considered, so far as the public interest is concerned, as in effect collateral to a reorganization of the Missouri & North Arkansas Railroad Company through the receiver's sale, with the result that the outstanding capitalization of the property is scaled down from \$18,649,000 to \$8,000,000, \$5,000,000 of which will be pledged as security for the proposed loan. The risk element incident to such reorganization, and the operation of the property under the conditions shown of record have received such consideration as appears warranted.

The valuation of the property has not been completed, but from the record before us it is estimated that the depreciated value of the property to be acquired under the sale by the applicant used and useful in the public service is in excess of \$8,000,000, and that this value will be increased by the expenditure for improvement thereto and the addition of working capital herein provided for.

Our action herein, considered in connection with the related divisions case, thus has the effect of securing an additional expenditure of \$560,000 from private sources; of devoting to the public service railway property of a value in excess of \$8,000,000, which has been found necessary for the public service, and which would not otherwise be used in it; and of repaying an indebtedness to the Director General of Railroads of \$292,000.

From the record it appears that under the reduced wage scale, which is to run for one year, if there is any sum remaining from the earnings of the road at the end of that period after payment of necessary operating expenses, interest on the Government loan, and taxes, it must be divided in percentage of wages between all of the employees of the Missouri & North Arkansas Railroad; that this procedure must continue until the employees have received the standard scale; and that if there should be any remainder thereafter it must be utilized to pay the principal of the Government debt, so that the stockholders and bondholders will not receive any return until the standard wages are paid and the Government debt liquidated.

It further appears that the organizers of the Missouri & North Arkansas Railway Company agree, in the event of the making of this loan and the resumption of operation, to annually elect a board of

directors composed of fifteen representatives, one from each county through which the road runs, a director nominated by the Governor of Missouri and one by the Governor of Arkansas, in addition to eight directors nominated irrespective of residence by the owners; that the executive committee shall consist of eight members, three nominated by the directors representing the localities served, three by those representing the owners, and two by the directors appointed by the governors; that the expenditure of the Government loan may be audited by this commission and the interested State regulatory commissions at our request; that the board will elect a president, experienced as a railroad executive, whose salary charge against the roll shall not exceed \$6,000 per annum unless changed by majority vote of the directors, and a vice president and traffic manager whose salary shall not exceed \$5,000 unless so changed; that in case any dispute arises between the different classes of directors or the owners such dispute, if it can not be amicably adjusted among themselves, will be referred to division 4 of the Interstate Commerce Commission for arbitration, and its decision shall be final and binding.

Confusion has been injected into this proceeding by the presence of several applications. The applicant is a new corporation formed to effect the reorganization of the Missouri & North Arkansas Railroad Company, and as the successor of the latter company will be the recipient of the loan, and will expend the proceeds thereof for the purposes hereinafter specified. We have found that the public interest requires the operation of the property it will acquire by the sale. We can not at the same time for the purposes of fixing a loan criterion assign to that property, which we assume will and must be operated, only the salvage value attaching to an abandoned road. *Denver v. Denver Union Water Co.*, 246 U. S., 178. Looking back of the new corporate organization to consider the holders of the receiver's certificates as the recipients of the loan, in spite of the fact that their interest discounted to the extent of \$560,000 is required to be paid and canceled, would not alter the fact that we are dealing with a property which we find should be and is to be operated and therefore possesses more than a salvage value.

It should be remembered that we are not dealing with the holders of the receiver's certificates, but with the owners of the property, in order to enable them to meet the transportation needs of the public. It does not seem to us that because the incidental effect of this plan may be to secure for the holders of the receiver's certificates, which have an underlying lien upon all of the properties, the payment of a part of their certificates, we have sufficient grounds for withholding the financial assistance contemplated by the statute in the public interest.

The Government, by the proposed loan, on account of the public need for service, is in effect assuming some of the risk of operation by the reorganized company, just as it has assumed a risk in every loan under section 210 of the transportation act, 1920. But this loan like many others, notably the loans to the New England railroads, is predicated upon our finding of reasonable assurance of the applicant's ability to repay it.

After investigation, we find that the making in whole of the proposed loan by the United States to the applicant as, when, and if the applicant shall become possessed of all of the properties, rights, and franchises of the Missouri & North Arkansas Railroad Company by virtue of foreclosure sale or such other disposition of said property as will release it completely from all existing claims and obligations arising out of the receivership or otherwise resting upon said property, for the purpose of enabling the applicant to meet maturing indebtedness and for additions and betterments to roadway and structures required in the rehabilitation of the property so acquired, to wit; maturing obligations reduced to judgment in receivership proceedings and foreclosure suits in the United States District Court for the Eastern District of Arkansas, as follows:

Outstanding receiver's certificates.....	\$1, 969, 250. 00
Current liabilities, including unpaid vouchers, \$442,642.40.....	612, 433. 95
Indebtedness to the Director General of Railroads.....	292, 000. 00
Miscellaneous indebtedness and expenses of receivership.....	126, 316. 05
<hr/>	
Total maturing indebtedness.....	3, 000, 000. 00
Additions and betterments to roadway and structures.....	500, 000. 00
<hr/>	
Grand total.....	3, 500, 000. 00

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

As a condition to the loan, the applicant shall secure the undertaking of the Mercantile Trust Company of St. Louis to supervise and regulate the disbursements of the proceeds of the loan in accordance with the purposes for which it is made, and shall provide an additional sum of \$500,000, of which \$250,000 shall be used for additions and betterments to roadway and structures, together with the amount of the loan to be devoted to like purposes, and \$250,000 for working capital. The applicant shall also provide a fund of

\$60,000, separate and distinct from the railroad assets, to be used for the purpose of securing competent supervision and operation of the properties. From the record it appears that these sums can be secured only from the present holders of the receiver's certificates, so that, in effect, the payment to them from the proceeds of the loan herein authorized will be decreased from the amount shown in the above tabulation by \$560,000 and that additional sum will be devoted to the operation of the property.

The loan which shall be made under the supervision of the Mercantile Trust Company of St. Louis, as aforesaid, shall be secured by the pledge with the Secretary of the Treasury of the total issue, \$5,000,000, principal amount, of the applicant's first-mortgage bonds. Upon the consummation of the sale of the properties, as aforesaid, these bonds, under the provisions of the underlying mortgage indenture will constitute an absolute first lien upon all of the existing properties, except rolling stock, without subjection to any priorities whatsoever and will represent values presumably adequate to secure the applicant's obligation in respect of the loan.

An appropriate certificate will be issued.

EASTMAN, Commissioner, dissenting:

The loan approved is in my judgment larger than the public interest requires. Of the total of \$3,500,000, the sum of \$500,000 is to be used for additions and betterments, and this portion of the loan I favor. The remaining \$3,000,000 is to be used to meet indebtedness of the receiver, the chief item being nearly \$2,000,000 in receiver's certificates. The United States owes no duty to the holders of these certificates, and there can be no justification for loaning its money to pay them off unless that is necessary to enable the applicant "properly to serve the public."

The road has not been operated since July 31, 1921, and the reason urged for the loan is that operation will not be resumed unless the indebtedness of the receiver be paid in full. Since the cessation of operation, the Railroad Labor Board has approved a 25 per cent reduction in wages and we have granted substantial increases in divisions. Under these changed conditions, the majority have certified "that the prospective earning power of the applicant, and the character and value of the security offered, are such as to furnish reasonable assurance of the applicant's ability to repay the loan" of \$3,500,000 within the time fixed therefor. Yet we are told that the road must be sold under foreclosure proceedings, and that unless we make the loan desired no one will buy it except for scrap.

It is conceded, however, that if it were sold for scrap, the holders of receiver's certificates probably would not realize 50 cents on the

The Government, by the proposed loan, on account of the public need for service, is in effect assuming some of the risk of operation by the reorganized company, just as it has assumed a risk in every loan under section 210 of the transportation act, 1920. But this loan like many others, notably the loans to the New England railroads, is predicated upon our finding of reasonable assurance of the applicant's ability to repay it.

After investigation, we find that the making in whole of the proposed loan by the United States to the applicant as, when, and if the applicant shall become possessed of all of the properties, rights, and franchises of the Missouri & North Arkansas Railroad Company by virtue of foreclosure sale or such other disposition of said property as will release it completely from all existing claims and obligations arising out of the receivership or otherwise resting upon said property, for the purpose of enabling the applicant to meet maturing indebtedness and for additions and betterments to roadway and structures required in the rehabilitation of the property so acquired, to wit; maturing obligations reduced to judgment in receivership proceedings and foreclosure suits in the United States District Court for the Eastern District of Arkansas, as follows:

Outstanding receiver's certificates-----	\$1, 969, 250. 00
Current liabilities, including unpaid vouchers, \$442,642.40-----	612, 433. 95
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Miscellaneous indebtedness and expenses of receivership-----	126, 318. 05
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Total maturing indebtedness-----	3, 000, 000. 00
Additions and betterments to roadway and structures-----	500, 000. 00
<hr/>	
Grand total-----	3, 500, 000. 00

is necessary in order to enable the applicant properly to meet the transportation needs of the public; that the prospective earning power of the applicant, and character and value of the security offered, afford reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan, and reasonable protection to the United States; and that the applicant is unable to provide itself with funds necessary for aforesaid purposes from other sources.

As a condition to the loan, the applicant shall secure the undertaking of the Mercantile Trust Company of St. Louis to supervise and regulate the disbursements of the proceeds of the loan in accordance with the purposes for which it is made, and shall provide an additional sum of \$500,000, of which \$250,000 shall be used for additions and betterments to roadway and structures, together with the amount of the loan to be devoted to like purposes, and \$250,000 for working capital. The applicant shall also provide a fund of

\$60,000, separate and distinct from the railroad assets, to be used for the purpose of securing competent supervision and operation of the properties. From the record it appears that these sums can be secured only from the present holders of the receiver's certificates, so that, in effect, the payment to them from the proceeds of the loan herein authorized will be decreased from the amount shown in the above tabulation by \$560,000 and that additional sum will be devoted to the operation of the property.

The loan which shall be made under the supervision of the Mercantile Trust Company of St. Louis, as aforesaid, shall be secured by the pledge with the Secretary of the Treasury of the total issue, \$5,000,000, principal amount, of the applicant's first-mortgage bonds. Upon the consummation of the sale of the properties, as aforesaid, these bonds, under the provisions of the underlying mortgage indenture will constitute an absolute first lien upon all of the existing properties, except rolling stock, without subjection to any priorities whatsoever and will represent values presumably adequate to secure the applicant's obligation in respect of the loan.

An appropriate certificate will be issued.

EASTMAN, *Commissioner*, dissenting:

The loan approved is in my judgment larger than the public interest requires. Of the total of \$3,500,000, the sum of \$500,000 is to be used for additions and betterments, and this portion of the loan I favor. The remaining \$3,000,000 is to be used to meet indebtedness of the receiver, the chief item being nearly \$2,000,000 in receiver's certificates. The United States owes no duty to the holders of these certificates, and there can be no justification for loaning its money to pay them off unless that is necessary to enable the applicant "properly to serve the public."

The road has not been operated since July 31, 1921, and the reason urged for the loan is that operation will not be resumed unless the indebtedness of the receiver be paid in full. Since the cessation of operation, the Railroad Labor Board has approved a 25 per cent reduction in wages and we have granted substantial increases in divisions. Under these changed conditions, the majority have certified "that the prospective earning power of the applicant, and the character and value of the security offered, are such as to furnish reasonable assurance of the applicant's ability to repay the loan" of \$3,500,000 within the time fixed therefor. Yet we are told that the road must be sold under foreclosure proceedings, and that unless we make the loan desired no one will buy it except for scrap.

It is conceded, however, that if it were sold for scrap, the holders of receiver's certificates probably would not realize 50 cents on the

dollar. Under the circumstances, it seems to me that the utmost the United States should loan in addition to the \$500,000 for additions and betterments is a sum equal to the best estimate of the amount the certificate holders would realize if the road were sold for scrap, offering them at the same time opportunity to receive first-mortgage bonds of the new company for the balance of their claim. If the new company, under the changed conditions, can meet the interest on a loan of \$3,500,000 and repay that amount at the end of 15 years, it will be able to meet its obligations under such first-mortgage bonds.

It is said that many of the holders of the receiver's certificates are trustees who would find it impracticable to take first-mortgage bonds in part payment. But if they were confronted by the alternatives of selling the road for scrap or of receiving in cash the amount which would be realized from such a sale and in addition first-mortgage bonds of a reinvigorated property for the balance of their claim, I find it hard to believe that the legal and practical difficulties in the way of the acceptance of the latter alternative would prove insuperable.

Under the arrangement approved by the majority, the United States is in effect buying the road at a sum much in excess of its alleged market value, while at the same time control and management are permitted to remain in the hands of private parties.

Certificate No. 132 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

1. That the making of a loan of \$3,500,000 by the United States to the Missouri & North Arkansas Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, for the purpose of enabling the applicant to meet its maturing indebtedness and to provide itself with additions and betterments, is necessary to enable the applicant properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the character and value of the security offered are such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and to meet its other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$3,500,000.

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4. That the time from the making thereof within which the loan is to be repaid in full is 15 years.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan shall be secured by the pledge of the applicant's first-mortgage 15-year 6 per cent gold bond, due 1937, issued under an indenture of mortgage dated April 1, 1922, executed and delivered by the applicant to the St. Louis Union Trust Company, as trustee. Said bond is in temporary form, having coupon due October 1, 1922, and all subsequent coupons attached, is numbered 1, and is in the principal amount of \$5,000,000.

(b) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(c) The applicant may repay all or any part of the loan before maturity. The Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe.

(d) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the securities pledged, together with any that may be pledged hereafter or may have been pledged heretofore as security for this loan or any other obligation of the said applicant to the United States for loans under section 210 of the transportation act, 1920, as amended, shall be applicable in like manner to secure the repayment of any and all such loans.

(e) The applicant has agreed in an instrument in writing dated the 1st day of April, 1922, filed with the Interstate Commerce Commission, to the following conditions: (1) The applicant shall furnish in a form satisfactory to the commission the undertaking of the Mercantile Trust Company of St. Louis to supervise and regulate the disbursements of the proceeds of the loan under the conditions thereof in accordance with the purposes for which it is made, and will deposit the proceeds of the loan with the said Mercantile

annually on April 1 and October 1 in each year from October 1, 1922, to and including April 1, 1932; said payments to be applied to the discharge of accrued interest and installments of the purchase price, as set forth in the copy of the proposed agreement submitted with the application.

It is further ordered, That, within 10 days after the execution and delivery of the proposed agreement, the applicant shall file with this commission a certified copy thereof, in the form in which executed.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said evidence of indebtedness on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 235.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
URSINA & NORTH FORK RAILWAY COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 6, 1922.

1. The Ursina & North Fork Railway Company is subject to section 204 of the transportation act, 1920.
2. Amount payable to said company under said section ascertained to be \$23,094.98. An amount of \$20,000 having been certified for partial payment under paragraph (g) of said section, as amended by section 212, the amount still payable to the carrier is \$3,094.98, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

I. T. Huff for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Ursina & North Fork Railway Company, a corporation of the State of Pennsylvania, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Ursina, Pa., and Humbert, Pa., a distance of approximately 4.25 miles, its lines connecting at Ursina Junction, Pa., with the Baltimore & Ohio Railroad, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 26, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 27, 1918, to February 29, 1920, inclusive. It had a noncompetitive contract with the director general. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period January 1, 1918, to February 29, 1920, inclusive, of \$39,621.14, whereas our examination of the accounts for the period from June 27, 1918, to February 29, 1920, inclusive, shows the correct amount due the carrier for that period to be \$26,151.34. The operated mileage during both the Federal control period and the test period was approximately 4.25 miles.

Consideration has been given to the adjustment of maintenance charges. Applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$3,056.36 of the maintenance charges of the carrier.

Under date of August 2, 1921, the commission issued its certificate No. B-71 for partial payment in the sum of \$20,000, which certificate stated that there was nothing due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness.

The remaining amount due the carrier under section 204 is ascertained to be \$3,094.98, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-92 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Ursina & North Fork Railway Company, hereinafter termed the carrier, is a corporation of the State of Pennsylvania and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that the whole amount payable to the carrier under the provisions of paragraphs (f) and (g) of said section 204 is \$23,094.98.

2. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraphs (f) and (g) of said section an amount of \$20,000 under one certificate, as follows: August 2, 1921, certificate No. B-71, \$20,000.

3. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

4. The commission hereby certifies that the amount now payable to the said carrier, in addition to any sum or sums previously certified under said section 204, is \$3,094.98.

Dated this 6th day of April, 1922.

FINANCE DOCKET No. 286.

IN THE MATTER OF SETTLEMENT WITH THE ATLANTA
TERMINAL COMPANY UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted February 8, 1922. Decided April 6, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Atlanta Terminal Company. Proceeding dismissed.

R. B. Pegram for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Atlanta Terminal Company, hereinafter termed the company, is a corporation of the State of Georgia, and operates a passenger terminal at Atlanta, Ga. The carrier filed a written statement with us on March 13, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act. The property in question is owned by the Atlanta & West Point Railroad Company, the Central of Georgia Railway Company, and the Southern Railway Company, and is operated for the joint use of those companies, together with the Atlanta, Birmingham & Atlantic Railway Company and the Seaboard Air Line Railway Company, and all the operating expenses, revenues, and fixed charges were billed to the operating tenant companies and included in their accounts during the test and guaranty periods. All of the operating companies, excepting the Southern Railway Company, accepted the guaranty of section 209.

The provisions of that section will therefore be applied to such portion of the results of operations of the company's property during the guaranty period as was borne by the tenant lines which accepted the guaranty, through the inclusion thereof in the accounts of such tenant lines during the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 423.

IN THE MATTER OF SETTLEMENT WITH THE DEERING
SOUTHWESTERN RAILWAY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted March 3, 1922. Decided April 6, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Deering Southwestern Railway has been ascertained to be \$7,623.67. An amount of \$4,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$3,623.67. Certificate issued.

T. J. Maloney for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Deering Southwestern Railway, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Missouri. Its line of railroad connects with the St. Louis-San Francisco Railway at Caruthersville, Mo., which latter road was under Federal control at the termination thereof, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period, we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that

there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period, and that proper adjustment has been made on account of disproportionate or unreasonable charges. As a result of our investigation, it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$7,623.67, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period-----	\$37,313.18
One-half amount of annual railway operating deficit for the test period-----	706.42
Total amount claimed-----	<u>38,006.76</u>

Adjustments:

Amount claimed as deficit for the test period-----	\$706.42
Amount allowed as deficit for the test period-----	883.46
Deduction for test period-----	177.04
Amount claimed for maintenance of way and struc- tures and for maintenance of equipment, as ad- justed-----	\$54,045.62
Amount fixed for maintenance of way and struc- tures and for maintenance of equipment-----	23,067.12
Deduction for maintenance-----	30,978.50
Deduction on account of disproportionate charges in income and operating expense accounts, as fol- lows:	
Account No. 416, "Damage to property"-----	1,350.00
Income account No. 537, "Rent for locomotives"-----	750.00
Gross deduction-----	<u>33,255.54</u>
Net railway operating deficit for guaranty period, as claimed-----	\$37,313.18
Net railway operating deficit for guaranty period, as determined by us-----	41,585.63
Addition for guaranty period-----	<u>4,272.45</u>
Net deductions-----	<u>28,983.09</u>

Amount necessary to make good the guaranty-----	7,623.67
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A certificate for a partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$4,000, was issued by us in favor of the carrier on May 9, 1921. The amount still due the carrier, therefore, is \$3,623.67, for which an appropriate certificate will be issued.

Certificate No. A-823 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Deering Southwestern Railway, a corporation of the State of Missouri, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$7,623.67 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$4,000 under one certificate, as follows: May 9, 1921, certificate No. 449, \$4,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$3,623.67.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 6th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 492.

IN THE MATTER OF SETTLEMENT WITH THE GOLDSBORO UNION STATION COMPANY UNDER THE PROVISIONS OF SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted May 19, 1921. Decided April 6, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Goldsboro Union Station Company. Proceeding dismissed.

J. B. Kenly for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Goldsboro Union Station Company, hereinafter termed the company, is a corporation of the State of North Carolina and operates a passenger terminal at Goldsboro, N. C. The company filed a written statement with us on March 10, 1920, accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act.

The property in question is operated for the benefit of its tenant lines, and all the operating expenses, revenues, and fixed charges were billed to the tenant companies and included in their accounts during the test and guaranty periods.

The provisions of section 209 of the transportation act, 1920, have been fully applied to the results of operation of the company's property during the guaranty period through the inclusion thereof in the accounts of the tenant lines during the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof,

made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 2296.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY FOR AUTHORITY TO SELL FIRST REFUNDING MORTGAGE BONDS.

Submitted March 22, 1922. Decided April 6, 1922.

Authority granted to sell \$2,500,000 of first refunding mortgage 6 per cent bonds, series A, at a price to net the applicant not less than 101½ per cent of par, the proceeds of such sale to be used for corporate purposes.

John L. Erdall for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Minneapolis, St. Paul & Sault Ste. Marie Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to sell \$2,500,000 of its first refunding mortgage 6 per cent bonds, series A. No objection to the granting of the authority requested has been presented to us.

By our order dated September 16, 1921, in *Securities of M., St. P. & S. S. M. Ry.*, 70 I. C. C., 453, we authorized the applicant to procure authentication and delivery to its treasurer of this amount of bonds, in respect of expenditures made from surplus earnings from January 1, 1900, to May 17, 1921, for capital purposes, and not hitherto capitalized. Arrangements have been made to sell these bonds to Dillon, Read & Company, of New York, at a price to net the applicant not less than 101½ per cent of par. On that basis the annual cost to the applicant will be approximately 5.875 per cent. The proceeds will be used to pay taxes, interest, maturing indebtedness, and miscellaneous vouchers which are now due or will become due before July 1, 1922, as set forth in the application.

We find that the issue of first refunding mortgage bonds, series A, by the applicant, as aforesaid, (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and

which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Minneapolis, St. Paul & Sault Ste. Marie Railway Company be, and it is hereby, authorized to issue not exceeding \$2,500,000, principal amount, of refunding mortgage 6 per cent bonds, series A (now held in its treasury pursuant to the order of this commission dated September 16, 1921, in Finance Docket No. 1580), under and pursuant to, and to be secured by, the first refunding mortgage dated January 1, 1921, made by the applicant to the Guaranty Trust Company of New York, trustee; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on January 1 and July 1, and to mature July 1, 1946; said bonds to be sold at such price as to net the applicant not less than 101½ per cent of par and the proceeds of said sale to be used solely for the purposes set forth in the application and said report.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to the sale of said bonds; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 122.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
CAROLINA & YADKIN RIVER RAILWAY COMPANY
UNDER SECTION 204 OF THE TRANSPORTATION ACT,
1920.

Submitted November 11, 1920. Decided April 7, 1922.

1. The Carolina & Yadkin River Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount necessary to reimburse the Carolina & Yadkin River Railway Company for the deficits sustained while under private operation in the Federal control period ascertained to be \$16,500. An amount of \$16,500 having been certified as partial payment under paragraph (g) of said section, as amended by section 212, no further certificate is necessary.

I. T. Huff for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Carolina & Yadkin River Railway Company, a corporation of the State of North Carolina, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between High Point, N. C., and High Rock, N. C., a distance of 34.81 miles, its lines connecting at High Point and Thomasville, N. C., with the Southern Railway, and at High Rock with the Winston-Salem Southbound Railway, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It had a cooperative contract with the director general. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$25,493.20. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920,

inclusive, shows the net credit to the carrier for that period to be \$21,565.43 before making the adjustments necessitated by subdivision (f) of section 209 as prescribed in said section 204. The mileage operated during both the Federal control period and the test period was 34.81 miles.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$5,065.43 of the maintenance expenditures as stated by the carrier.

As a result of our investigation it is ascertained that the amount necessary to reimburse the carrier for the deficits sustained while under private operation in the Federal control period is \$16,500, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness.

Under date of April 19, 1921, the commission issued its certificate No. B-39 for partial payment in the sum of \$16,500, which certificate stated that the amount of \$10,932.42 was due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness.

In view of the fact that the amount previously certified is in full reimbursement of the deficit incurred by the carrier during that portion of the period of Federal control during which it privately operated its own line of railway, no further certificate is necessary.

FINANCE DOCKET No. 254.

IN THE MATTER OF SETTLEMENT WITH THE AKRON
UNION PASSENGER DEPOT COMPANY UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 12, 1922. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Akron Union Passenger Depot Company. Proceeding dismissed.

W. D. Owens for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Akron Union Passenger Depot Company, hereinafter termed the company, is a corporation of the State of Ohio, and during the guaranty period operated a passenger terminal at Akron, Ohio. The company filed a written statement with us on March 12, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, as its property was operated for the benefit of its tenant companies, namely, the Pennsylvania Railroad Company, the Baltimore & Ohio Railroad Company, and the Erie Railroad Company, and all the operating expenses, revenues, and fixed charges were billed to and included in the accounts of the operating tenant companies during the test, Federal control, and guaranty periods. The provisions of section 209 of the transportation act, 1920, will therefore be fully applied to the results of operations of the company's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 703.

IN THE MATTER OF SETTLEMENT WITH THE NORFOLK TERMINAL RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 3, 1922. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Norfolk Terminal Railway Company. Proceeding dismissed.

G. R. Loyall for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Norfolk Terminal Railway Company, hereinafter termed the company, is a corporation of the State of Virginia and operates certain terminal facilities at Norfolk, Va. The company filed a written statement with us on March 15, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into between it and the director general covering compensation as provided in section 1 of the Federal control act. The property in question is operated for the benefit of the Norfolk & Western Railway Company, the Norfolk Southern Railroad Company, and the Virginian Railway Company, and all the operating expenses, revenues, and fixed or rental charges were billed to the operating tenant companies and included in their accounts during both the test and the guaranty periods. All of the operating companies accepted the guaranty under section 209. The provisions of that section have been fully applied to the results of operations of the company's property during the guaranty period through the inclusion thereof in the accounts of the tenant lines.

We, therefore, find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof.

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 754.

IN THE MATTER OF SETTLEMENT WITH THE PORTLAND TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted June 4, 1921. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Portland Terminal Company. Proceeding dismissed.

Arthur P. Foss for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Portland Terminal Company, hereinafter termed the company, is a corporation of the State of Maine and operates certain terminal facilities at Portland, Me. The company filed a written statement with us on March 12, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the tenant companies were compensated therefor in their contract with the director general. The property is operated for the benefit of its tenant companies, and all its operating expenses, revenues, and fixed charges were billed to the operating tenant companies and included in their accounts during the test and guaranty periods. The provisions of section 209 will, therefore, be applied to such portion of the result of operations of the company's property during the guaranty period as was borne by the tenant lines which accepted the guaranty, through the inclusion thereof in such tenant companies' accounts for the guaranty period.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 786.

IN THE MATTER OF SETTLEMENT WITH THE SAVANNAH RIVER TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted July 9, 1921. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Savannah River Terminal Company. Proceeding dismissed.

Charles A. Wickersham for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Savannah River Terminal Company, hereinafter termed the company, is a corporation of the State of Georgia and operates a switching terminal at Augusta, Ga. The company filed a written statement with us on March 15, 1920, accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it by the director general covering compensation as provided in section 1 of the Federal control act, inasmuch as the tenant companies were fully compensated therefor in their contracts with the director general. The property of the company is operated for the benefit of its tenant companies, namely, the Georgia Railroad Company, the Atlantic Coast Line Railroad Company, and the Charleston & Western Carolina Railway, and all its operating expenses, revenues, and fixed or rental charges were billed to the operating tenant companies and included in their accounts during the guaranty period. The company's property was not operated prior to January 1, 1918. All of the operating companies accepted the guaranty of section 209. The provisions of that section have been fully applied to the results of operation of the company's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

W. K. H. H.

This proceeding was heard and the decision rendered on the date hereof.

made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 851.

IN THE MATTER OF SETTLEMENT WITH THE ULSTER
& DELAWARE RAILROAD COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 26, 1922. Decided April 8, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Ulster & Delaware Railroad Company ascertained to be \$314,250. An aggregate amount of \$244,800 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$69,450. Certificate issued.

Jos. R. Thompson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Ulster & Delaware Railroad Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the State of New York. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 10, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "jointly facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the

guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$314,250, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period.....	\$430, 871. 83
One-half amount of annual compensation under Federal control act named in contract.....	88, 236. 00
Increase in compensation under section 4 of the Federal control act.....	975. 07
Total amount claimed.....	<u>520, 082. 90</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment..	\$469, 726. 00
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	275, 252. 59
Deduction for maintenance.....	194, 473. 41
Deduction of disproportionate charges.....	8, 271. 09
Deduction on account of unaudited items estimated by us and agreed to by the carrier under section 212 (b) of the transportation act, 1920.....	3, 088. 40
Total deductions.....	<u>205, 832. 90</u>

Amount necessary to make good the guaranty..... 314, 250. 00

Certificates for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

March 10, 1921.....	\$219, 800
June 14, 1921.....	25, 000
Total	244, 800

The amount still due the carrier is, therefore, \$69,450, for which an appropriate certificate will be issued.

Certificate No. A-624 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Ulster & Delaware Railroad
71 I. C. C.

Company, a corporation of the State of New York, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$314,250 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as partial payments under paragraph (g) of said section, as amended by section 212 of said act, an aggregate amount of \$244,800 under two certificates, as follows:

March 10, 1921, certificate No. 339-----	\$219, 800
June 14, 1921, certificate No. 518-----	25, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payments heretofore certified as aforesaid, is \$69,450.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 8th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 853.

IN THE MATTER OF SETTLEMENT WITH THE UNION
DEPOT COMPANY (COLUMBUS, OHIO) UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted June 13, 1921. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Union Depot Company (Columbus, Ohio). Proceeding dismissed.

John Hurst for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Union Depot Company (Columbus, Ohio), hereinafter termed the company, is a corporation of the State of Ohio and operates as a switching and terminal company at Columbus, Ohio. The company filed a written statement with us on March 15, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in the contracts with the director general. The property in question is operated for the joint benefit of its tenant lines at cost, and all the operating expenses, revenues, and fixed charges were billed monthly to the operating tenant companies and included in their accounts during the test and the guaranty periods. The provisions of section 209 will be fully applied to the results of operations of the company's property through the inclusion thereof in the tenant companies' accounts for the guaranty period. We find the provisions of said section 209 are not applicable to the company, and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.
71 I. C. C.

FINANCE DOCKET No. 754.

IN THE MATTER OF SETTLEMENT WITH THE PORTLAND TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted June 4, 1921. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Portland Terminal Company. Proceeding dismissed.

Arthur P. Foss for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Portland Terminal Company, hereinafter termed the company, is a corporation of the State of Maine and operates certain terminal facilities at Portland, Me. The company filed a written statement with us on March 12, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the tenant companies were compensated therefor in their contract with the director general. The property is operated for the benefit of its tenant companies, and all its operating expenses, revenues, and fixed charges were billed to the operating tenant companies and included in their accounts during the test and guaranty periods. The provisions of section 209 will, therefore, be applied to such portion of the result of operations of the company's property during the guaranty period as was borne by the tenant lines which accepted the guaranty, through the inclusion thereof in such tenant companies' accounts for the guaranty period.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 786.

IN THE MATTER OF SETTLEMENT WITH THE SAVANNAH RIVER TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted July 9, 1921. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Savannah River Terminal Company. Proceeding dismissed.

Charles A. Wickersham for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Savannah River Terminal Company, hereinafter termed the company, is a corporation of the State of Georgia and operates a switching terminal at Augusta, Ga. The company filed a written statement with us on March 15, 1920, accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it by the director general covering compensation as provided in section 1 of the Federal control act, inasmuch as the tenant companies were fully compensated therefor in their contracts with the director general. The property of the company is operated for the benefit of its tenant companies, namely, the Georgia Railroad Company, the Atlantic Coast Line Railroad Company, and the Charleston & Western Carolina Railway, and all its operating expenses, revenues, and fixed or rental charges were billed to the operating tenant companies and included in their accounts during the guaranty period. The company's property was not operated prior to January 1, 1918. All of the operating companies accepted the guaranty of section 209. The provisions of that section have been fully applied to the results of operation of the company's property through the inclusion thereof in the tenant companies' accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the company and things connected therewith, including having the same examined and reported on by the Commission.

made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 851.

IN THE MATTER OF SETTLEMENT WITH THE ULSTER
& DELAWARE RAILROAD COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 26, 1922. Decided April 8, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Ulster & Delaware Railroad Company ascertained to be \$314,250. An aggregate amount of \$244,800 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$69,450. Certificate issued.

Jos. R. Thompson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ulster & Delaware Railroad Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the State of New York. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 10, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "jointly facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the

guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$314,250, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period.....	\$430, 871. 83
One-half amount of annual compensation under Federal control act named in contract.....	88, 236. 00
Increase in compensation under section 4 of the Federal control act.....	975. 07
Total amount claimed.....	<u>520, 082. 90</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment..	\$469, 726. 00
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	275, 252. 59
Deduction for maintenance.....	194, 473. 41
Deduction of disproportionate charges.....	8, 271. 09
Deduction on account of unaudited items estimated by us and agreed to by the carrier under section 212 (b) of the transportation act, 1920.....	3, 088. 40
Total deductions.....	<u>205, 832. 90</u>

Amount necessary to make good the guaranty..... 314, 250. 00

Certificates for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

March 10, 1921.....	\$219, 800
June 14, 1921.....	25, 000
Total	244, 800

The amount still due the carrier is, therefore, \$69,450, for which an appropriate certificate will be issued.

Certificate No. A-624 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Ulster & Delaware Railroad
71 I. C. C.

Company, a corporation of the State of New York, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$314,250 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as partial payments under paragraph (g) of said section, as amended by section 212 of said act, an aggregate amount of \$244,800 under two certificates, as follows:

March 10, 1921, certificate No. 339-----	\$219, 800
June 14, 1921, certificate No. 518-----	25, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payments heretofore certified as aforesaid, is \$69,450.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 8th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 853.

IN THE MATTER OF SETTLEMENT WITH THE UNION
DEPOT COMPANY (COLUMBUS, OHIO) UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted June 13, 1921. Decided April 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Union Depot Company (Columbus, Ohio). Proceeding dismissed.

John Hurst for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Union Depot Company (Columbus, Ohio), hereinafter termed the company, is a corporation of the State of Ohio and operates as a switching and terminal company at Columbus, Ohio. The company filed a written statement with us on March 15, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in the contracts with the director general. The property in question is operated for the joint benefit of its tenant lines at cost, and all the operating expenses, revenues, and fixed charges were billed monthly to the operating tenant companies and included in their accounts during the test and the guaranty periods. The provisions of section 209 will be fully applied to the results of operations of the company's property through the inclusion thereof in the tenant companies' accounts for the guaranty period. We find the provisions of said section 209 are not applicable to the company, and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 2276.

IN THE MATTER OF THE APPLICATION OF THE BUFFALO, ROCHESTER & PITTSBURGH RAILWAY COMPANY FOR AUTHORITY TO ISSUE CONSOLIDATED-MORTGAGE BONDS.

Submitted March 6, 1922. Decided April 8, 1922.

Authority granted to procure authentication and delivery to the applicant's treasurer of not to exceed \$4,269,000 of consolidated-mortgage bonds.

Havens, Mann, Strang & Whipple for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Buffalo, Rochester & Pittsburgh Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$8,351,000 of bonds, \$6,251,000 thereof to be used to refund mortgage and equipment bonds which mature during the current year or have matured and been paid, and \$2,100,000 to reimburse its treasury to that extent for expenditures made out of earnings for additions and betterments. No objection to the granting of the authority requested has been presented to us.

The consolidated mortgage, dated May 1, 1907, made by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York) authorized the issue of not to exceed \$35,000,000 of bonds, to bear interest at a rate not to exceed 4½ per cent per annum, and to mature May 1, 1957. Article 1, section 3, reserves \$18,145,000 of bonds for refunding certain underlying mortgage and equipment bonds and for other purposes. Of these bonds \$6,590,000 have been heretofore issued, not including those set forth in the application. Section 4 of the same article reserves \$13,855,000 of bonds for the reimbursement of its treasury for moneys expended by the applicant for certain purposes, including additions and betterments to road and equipment, of which \$8,488,000 have been issued, not including certain bonds set forth in the present application.

Prior to the effective date of section 20a of the interstate commerce act the applicant had procured authentication and delivery to its treasurer by the trustee of \$2,100,000 of these bonds under sec-

tion 4 of article 1, and \$1,981,000 of bonds under section 3 of article 1, which, to the date of this application, have remained free and unencumbered in its treasury, with the exception of \$1,600,000 of the section 4 bonds, which were pledged with the Secretary of the Treasury for a loan from the United States early in the year 1921. As to these \$4,081,000 of bonds, thus authenticated and delivered before section 20a became operative, applicant desires to have the issue thereof approved by the commission and to have the pledging of the \$1,600,000 thereof ratified. The remainder of the bonds, authority for the issue of which is requested, are to be issued under section 3 of article 1 of the mortgage for the following refunding purposes, although it is not proposed to use them for those purposes until the further order of the commission:

For refunding Rochester & Pittsburgh Railroad Company 6 per cent first-mortgage bonds, maturing December 1, 1922.....	\$3, 830, 000
For refunding series-E equipment bonds which mature May 1, 1922 (on the basis of 50 per cent of the face amount of the equipment bonds)	161, 500
For refunding series-F equipment bonds which mature August 1, 1922 (on the basis of 50 per cent)	90, 000
For refunding Rochester & Pittsburgh Railroad Company 6 per cent first-mortgage bonds, which were retired in December, 1921.....	90, 000
For refunding series-E equipment bonds which were called for payment under the sinking-fund provisions and paid on December 28, 1921 (on the basis of 50 per cent)	8, 000
For refunding series-F equipment bonds which were called for payment under the sinking-fund provisions and paid on or about August 1, 1921 (on the basis of 50 per cent)	90, 000
Total.....	4, 269, 500

The applicant requests authority to issue \$4,270,000 of consolidated-mortgage bonds to refund this \$4,269,500 of equipment and mortgage bonds. Since the consolidated mortgage specifies the basis of bonds to be issued for such purposes, as par for par in case of the refunding of Rochester & Pittsburgh Railroad Company first-mortgage bonds and 50 per cent of consolidated-mortgage bonds for 100 per cent of equipment bonds, and since the mortgage does not permit the execution thereunder of bonds of a smaller denomination than \$1,000, not over \$4,269,000 of consolidated-mortgage bonds can properly be issued for this purpose, instead of the \$4,270,000 requested.

Inasmuch as the applicant does not desire to sell or dispose of any of the bonds at the present time, and inasmuch as \$4,081,000 of the bonds for the issue of which authority is sought were authenticated and delivered to the applicant's treasurer prior to the effective date of section 20a of the interstate commerce act, and no approval thereof by the commission is required, only so much of the authority

requested will be granted as relates to the \$4,269,000 of bonds which the applicant is entitled to draw down under section 3 of article 1 of its consolidated mortgage.

We find that the proposed procurement of authentication and delivery of consolidated mortgage bonds by the applicant, as hereinbefore described, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Buffalo, Rochester & Pittsburgh Railway Company be, and it is hereby, authorized to procure the authentication and delivery by the trustee to its treasurer of not to exceed \$4,269,000, principal amount, of its consolidated 4½ per cent mortgage bonds, under and pursuant to, and to be secured by, the consolidated mortgage dated May 1, 1907, made by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York); said bonds to be used, when duly authorized, for the purpose of refunding certain mortgage and equipment bonds.

It is further ordered, That said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant, within 10 days thereafter, shall report to this commission all pertinent facts relating to the authentication and delivery to its treasurer of said bonds; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2298.

IN THE MATTER OF THE APPLICATION OF THE
MISSOURI PACIFIC RAILROAD COMPANY FOR AU-
THORITY TO ISSUE FIRST AND REFUNDING MORT-
GAGE BONDS.

Submitted March 24, 1922. Decided April 8, 1922.

1. Authority granted to issue \$18,000,000 of first and refunding mortgage 6 per cent gold bonds, series D; said bonds to be sold at not less than 94½ per cent of par and accrued interest, and the proceeds thereof used to retire \$13,641,000 of first and refunding mortgage 5 per cent gold bonds, series B, which mature January 1, 1923, and to reimburse the applicant's treasury for expenditures for additions and betterments.
2. Authority granted to issue temporary certificates or interim receipts pending the preparation of the aforesaid bonds in definitive form.
3. Authority granted to procure authentication and delivery to applicant's treasurer of \$96,500 of first and refunding mortgage 6 per cent gold bonds, series D; said bonds to be held in the treasury until the further order of the commission.
4. Terms and conditions prescribed.

Paul D. Cravath for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Missouri Pacific Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$18,096,500 of first and refunding mortgage 6 per cent gold bonds, series D, of which it proposes to sell \$18,000,000 for cash for the purpose of redeeming \$13,641,000 of first and refunding mortgage 5 per cent gold bonds, series B, which mature January 1, 1923, and reimbursing its treasury for expenditures for additions and betterments not heretofore capitalized, and to hold the remaining \$96,500 in its treasury. No objection to the granting of the application has been presented to us.

The first and refunding mortgage, dated April 2, 1917, made by the applicant to the Guaranty Trust Company of New York and Benjamin F. Edwards, trustees, authorizes an issue of not exceeding \$450,000,000 of bonds, unless the further consent of a majority in amount of the stockholders is given in accordance with the terms of the mortgage, and provided (a) that the authorized total issue,

together with all outstanding prior debts of the applicant, after deducting therefrom bonds reserved under the provisions of the mortgage to retire prior debts at maturity, shall not exceed three times the applicant's then outstanding stock, and (b) that the principal amount of bonds at any one time outstanding and of all bonds reserved under the mortgage for refunding purposes shall not exceed in the aggregate three times the par amount of the applicant's stock at the time issued and outstanding. The mortgage further provides that the bonds issued thereunder shall bear such rates of interest, not exceeding 6 per cent per annum, as the board of directors may determine. The following is a summary of the bonds which have been issued under the mortgage:

	Pledged.	Held in treasury.	Outstanding.	Total.
Series A.....			\$17,840,500	\$17,840,500
Series B.....		\$494,000	13,147,000	13,641,000
Series C.....			9,044,000	9,044,000
Series D.....	\$11,507,000	7,423,500	.....	18,930,500
Total.....	11,507,000	7,917,500	40,031,500	59,455,000

All of the series-B bonds, aggregating \$13,641,000, bear interest at the rate of 5 per cent per annum and will mature on January 1, 1923. Of these bonds \$494,000 were recently purchased by the applicant as an investment and are now held in its treasury. In order to provide for the maturity of the bonds, the applicant proposes to issue a like amount of series-D bonds, pursuant to the provisions of section 11 of article 3 of the mortgage, which authorizes the issue of bonds to refund a like amount of other bonds about to mature. The mortgage contains a provision authorizing the applicant to call the series-B bonds on any interest date at par and accrued interest, upon 90 days' prior published notice. In refunding them by the sale of series-D bonds, the applicant desires to take advantage of the favorable bond market now prevailing.

The applicant further shows that during the period from June 1, 1917, to December 31, 1920, it expended \$4,455,596.40 for additions and betterments, no part of which has been capitalized, and that it is now entitled, under section 8 of article 3 of the mortgage, to draw down \$4,455,500 of series-D bonds in respect thereof. The total amount of bonds, therefore, which will now be issued, both for refunding purposes and in reimbursement for additions and betterments, is \$18,096,500.

The series-D bonds will bear interest at the rate of 6 per cent per annum, payable semiannually on February 1 and August 1 in each year, and will mature on February 1, 1949.

Arrangements have been made for the sale of \$18,000,000 of the bonds to Kuhn, Loeb & Company at 94½ per cent of par and accrued interest, delivery thereof (or of temporary certificates) and payment therefor to be made as promptly as possible after their issue has been properly authorized. At this price the annual cost to the applicant of the proceeds will be approximately 6.4 per cent. The remaining \$96,500 of bonds will be held by the applicant in its treasury until our further order.

The proceeds from the sale of the \$18,000,000 of bonds will be used to retire the \$13,641,000 of maturing series-B bonds, and to reimburse the applicant's treasury for its expenditures for additions and betterments as above set forth.

Pending the issue of the proposed bonds in definitive form, the applicant proposes to issue temporary certificates or interim receipts. These certificates or receipts will be representative of the definitive bonds, specifying that the holder is entitled to a definitive bond. They will be exchangeable for the definitive bonds, which they represent, as and when the latter are ready for delivery.

We find that the proposed issue of \$18,000,000 of bonds, and of temporary certificates or interim receipts, and the proposed procurement of authentication and delivery to it of \$96,500 of bonds by the applicant as aforesaid (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Missouri Pacific Railroad Company be, and it is hereby, authorized to issue not exceeding \$18,000,000, principal amount, of first and refunding mortgage gold bonds, series D, under and pursuant to, and to be secured by, the first and refunding mortgage, dated April 2, 1917, made by the applicant to the Guaranty Trust Company of New York and Benjamin F. Edwards, trustees; said bonds to be dated February 1, 1919, to bear interest at the rate of 6 per cent per annum, payable semiannually on February 1 and August 1 in each year, and to mature February 1, 1949; said bonds to be sold at not less than 94½ per cent of par and accrued

interest, and the proceeds thereof used to retire \$13,641,000, principal amount, of the applicant's first and refunding mortgage 5 per cent gold bonds, series B, which mature January 1, 1923, and to reimburse the applicant's treasury for expenditures made therefrom for additions and betterments, as set forth in the application and said report.

It is further ordered, That the Missouri Pacific Railroad Company be, and it is hereby, authorized to issue temporary certificates or interim receipts pending the preparation of the \$18,000,000, principal amount, of bonds hereinbefore authorized to be issued; said temporary certificates or interim receipts to be representative of the definitive bonds, specifying that the holder is entitled to definitive bonds, and to be exchangeable for the definitive bonds which they represent as and when the latter are ready for delivery.

It is further ordered, That, in addition to the \$18,000,000, principal amount, of first and refunding mortgage 6 per cent gold bonds, series D, hereinbefore authorized to be issued, the Missouri Pacific Railroad Company be, and it is hereby, authorized to procure authentication and delivery by the trustee to its treasurer of not exceeding \$96,500, principal amount, of said first and refunding mortgage 6 per cent gold bonds, series D; said bonds to be held in the treasury of the applicant until the further order of this commission.

It is further ordered, That, upon the retirement of the \$13,641,000, principal amount, of the applicant's first and refunding mortgage gold bonds, series B, maturing January 1, 1923, the applicant shall deposit said bonds with the corporate trustee under the first and refunding mortgage and they shall thereupon be canceled.

It is further ordered, That, except as herein authorized, said first and refunding mortgage gold bonds, series D, shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the sale of bonds as herein authorized; (2) the retirement, deposit with the corporate trustee, and cancellation of said \$13,641,000, principal amount, of first and refunding mortgage gold bonds, series B; and (3) the deposit in the applicant's treasury of the bonds herein authorized to be authenticated and delivered to it; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said bonds, or interest thereon, on the part of the United States.

AMENDED ORDER.

(April 20, 1922.)

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the fifth ordering paragraph of this commission's order, entered April 8, 1922, in this proceeding be, and it is hereby, amended to read as follows:

It is further ordered, That except as herein authorized, the said \$18,096,500 of first and refunding mortgage gold bonds, series D, herein authorized to be issued, shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That, except as herein modified, said order, entered April 8, 1922, in this proceeding, shall remain in full force and effect.

71 I. C. C.

FINANCE DOCKET No. 2304.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI & NORTH ARKANSAS RAILWAY COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK AND FIRST-MORTGAGE BOND.

Submitted March 29, 1922. Decided April 8, 1922.

Authority granted (1) to issue \$3,000,000 of common capital stock, consisting of 30,000 shares of the par value of \$100; and (2) to issue a \$5,000,000 first-mortgage 15-year gold bond, said bond to be pledged with the Secretary of the Treasury as collateral security for a loan from the United States.

Rhodes E. Cave for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Missouri & North Arkansas Railway Company, a corporation organized for the purpose of engaging in transportation by railroad in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$3,000,000 of common capital stock and a \$5,000,000 first-mortgage 15-year gold bond. No objection to the granting of the application has been presented to us.

In our certificate No. 132, in *Loan to Missouri & North Arkansas Ry.*, 71 I. C. C., 395, we approved a loan of \$3,500,000 to the applicant under section 210 of the transportation act, 1920, as amended, for the following purposes:

To meet maturing obligations.....	\$3, 000, 000
To provide additions and betterments.....	500, 000
Total.....	3, 500, 000

The Missouri & North Arkansas Railroad Company, owning and operating a line of railroad approximately 335 miles long, situated in the States of Missouri and Arkansas, was placed in the hands of a receiver under date of April 1, 1912. By a decree of foreclosure dated February 7, 1922, entered in the United States District Court for the Eastern District of Arkansas, the properties, rights, and franchises of the railroad company were ordered to be sold and such sale was set for April 10, 1922.

The applicant proposed to purchase at such foreclosure sale these properties free from any and all liens and encumbrance and will, pursuant to conditions prescribed in the certificate certifying the loan above mentioned, make an indenture of mortgage or deed of trust to

the St. Louis Union Trust Company to secure a \$5,000,000 first-mortgage 15-year gold bond, to be dated April 1, 1922, to mature April 1, 1937, and to bear interest at the rate of 6 per cent per annum, payable semiannually on April 1 and October 1 in each year. This bond will be pledged by the applicant with the Secretary of the Treasury as collateral security for the loan from the United States. It also proposes to issue \$3,000,000 of common capital stock to the organizers of the company, who will pay or secure the payment to the applicant of \$500,000 to provide working capital. The upset price fixed at the sale was \$3,000,000, and the record indicates that the value of the property for rate-making purposes is materially in excess of that sum. As a result of the proposed reorganization, the outstanding capitalization of the property is scaled down from \$18,649,000 to \$8,000,000, of which \$5,000,000 will be the bond pledged as security for the Government loan.

We find that the proposed issue of capital stock and of a first-mortgage bond by the applicant as aforesaid (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

COMMISSIONER EASTMAN dissents.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Missouri & North Arkansas Railway Company be, and it is hereby, authorized to issue not exceeding \$3,000,000 of common capital stock, consisting of 30,000 shares of the par value of \$100, the certificates representing such shares to be in the form submitted with the application; said stock to be issued to the organizers of the applicant, who will subscribe not less than \$500,000, in cash, to provide the applicant with working capital, as set forth in the application and said report.

It is further ordered, That the Missouri & North Arkansas Railway Company be, and it is hereby, authorized to issue a \$5,000,000, principal amount, first-mortgage bond under and pursuant to, and to be secured by, a proposed first mortgage or deed of trust to be made by the applicant to the St. Louis Union Trust Company under date

FINANCE DOCKET No. 2208.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR A CERTIFICATE THAT PUBLIC CONVENIENCE AND NECESSITY PERMIT THE ABANDONMENT OF A PORTION OF ITS LINE OF RAILROAD.

Submitted April 3, 1922. Decided April 10, 1922.

Certificate issued authorizing the abandonment of a ferry between Russell, Ky., and Ironton, Ohio, constituting a portion of applicant's line of railroad.

W. S. Bronson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a carrier by railroad subject to the interstate commerce act, on January 28, 1922, filed an application for a certificate that the present and future public convenience and necessity permit the abandonment of a portion of its line of railroad consisting of a ferry operated across the Ohio River between Russell, Ky., and Ironton, Ohio. No representations were made in the matter by the authorities of either State, but the city council of Ironton recommended that the application be granted. The case was submitted without formal hearing.

The ferry in question was acquired and placed in operation by the applicant in 1890, at a time when its line of railroad did not extend north of the Ohio River. The investment cost of the ferry, with its appurtenances, as shown by applicant's books, is \$17,050. Revenues have been derived almost entirely from local passenger traffic and the transportation of vehicles, all freight traffic being handled through other connections. Gross revenues amounted to \$27,194.51 in 1921, while maintenance-of-equipment and transportation expenses were \$25,666.90, not taking into account such items as taxes, insurance, and other expenses which would be strictly and properly chargeable to operation. A new highway bridge has been constructed across the Ohio River between Russell and Ironton, and the applicant states that such bridge will be opened for travel about April 21, 1922, and that thereafter the vehicular and passenger

traffic heretofore making use of the ferry will use the bridge. Applicant's revenues from operation of the ferry will therefore entirely disappear, and the only persons who could thereafter make any use of the ferry would be certain of applicant's employees who are now transported across the river without charge. The distance from the business center of Ironton to the applicant's station at Russell, by way of the ferry, is 3,870 feet, whereas the distance between the same points over the new bridge is 5,025 feet, but applicant states that the saving in time and expense will induce its former patrons to cross the river by the latter means. Continued operation of the ferry will therefore serve no useful purpose, but will require the expenditure of more than \$25,000 annually, without revenue.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment by the applicant of the ferry in question.

A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in said application having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Chesapeake & Ohio Railway Company of its ferry operated between Russell, Ky., and Ironton, Ohio, as described in said application and report.

It is ordered, That said Chesapeake & Ohio Railway Company be, and it is hereby, authorized to abandon said ferry.

It is further ordered, That said Chesapeake & Ohio Railway Company, when filing schedules canceling tariffs applicable to said ferry, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 2220.

IN THE MATTER OF THE APPLICATION OF THE MORGANTOWN & KINGWOOD RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted March 25, 1922. Decided April 10, 1922.

Authority granted to issue \$40,500 of first-mortgage 5 per cent 30-year bonds, series B, for the purpose of refunding a like amount of first-mortgage 5 per cent 20-year bonds which matured January 1, 1922.

H. R. Preston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Morgantown & Kingwood Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$40,500 of first-mortgage 5 per cent 30-year gold bonds, for the purpose of refunding a like amount of its first-mortgage 5 per cent 20-year bonds which matured January 1, 1922. No objection to the granting of the application has been presented to us.

The applicant whose line of railroad, about 48 miles long, extends from Morgantown to Kingwood Junction, W. Va., is a subsidiary of the Baltimore & Ohio Railroad Company, its entire outstanding capital stock being owned by that company.

A first mortgage, dated March 7, 1902, was made by the applicant to the Bank of Monongahela Valley to secure an authorized issue of \$250,000 of 5 per cent 20-year gold bonds. Of this amount only \$125,000 of bonds were issued.

Under date of January 2, 1905, the applicant made a new first mortgage to the Trust Company of West Virginia (since succeeded as trustee by the Davis Trust Company of West Virginia), to secure an authorized issue of \$1,500,000 of 5 per cent 30-year gold bonds, maturing January 2, 1935. Bonds in the amount of \$1,459,500 have been issued under this mortgage. By the terms of article nineteenth of the mortgage, \$125,000 of bonds, series A, each of the denomination of \$1,000, were reserved for the purpose of retiring the bonds issued under the mortgage dated March 7, 1902. Through

bonds retained therefor \$84,500 of old first-mortgage bonds have been retired, leaving outstanding \$40,500 of those bonds. The trustee under the new first mortgage holds \$40,500 of bonds, series B, issuable thereunder, each of the denomination of \$500, which, it appears, have been substituted for bonds of series A, and are available for retiring the outstanding bonds of the prior issue, and which may be used for that purpose under the general authority given by that mortgage to use the bonds thereby secured in paying the debts and liabilities of the applicant.

It appears that the Baltimore & Ohio Railroad Company owns all of the bonds to be refunded and has offered to exchange them, par for par, for the bonds to be issued. Under the provisions of the mortgage dated January 2, 1905, the applicant is to cancel the bonds to be refunded and have the old first mortgage released and satisfied of record.

We find that the proposed issue of bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Morgantown & Kingwood Railroad Company be, and it is hereby, authorized to issue not exceeding \$40,500, principal amount, of first-mortgage 5 per cent gold bonds, series B, under and pursuant to, and to be secured by, the general mortgage dated January 2, 1905, made by the applicant to the Trust Company of West Virginia; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on January 2 and July 1 in each year, and to mature January 2, 1935; said bonds to be exchanged, par for par, for first-mortgage 5 per cent 20-year gold bonds of said railroad company, which matured January 1, 1922, and are now outstanding; said bonds so received in exchange for the bonds herein authorized to be issued to be canceled as and when they are delivered to the applicant.

Federal control at the termination thereof. Proper adjustments have been made for the differences in mileage under operation between the average for the test period and that of the guaranty period, as required by subdivision (2) of paragraph (f) of section 209. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$107,813.36, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period-----	\$62, 772. 85
One-half amount of annual compensation under Federal control act named in contract-----	47, 041. 74
Increase in compensation under section 4 of the Federal control act-----	198. 77
Total amount claimed-----	110, 013. 36

Adjustments:

Deduction on account of disproportionate or unreasonable charges-----	2, 200. 00
Amount necessary to make good the guaranty-----	107, 813. 36

Certificates for advances under paragraph (h) and for a partial payment under paragraph (g) of section 209, as amended by section 212, have been issued by us to the Detroit, Bay City & Western Railroad Company on the dates and in the amounts as follows:

Advances:

May 10, 1920-----	\$25, 000
June 17, 1920-----	25, 000
July 17, 1920-----	15, 000
Aug. 31, 1920-----	25, 000

Partial payment:

August 23, 1921-----	4, 500
Total payments-----	94. 500

The amount still due the carrier is, therefore, \$13,313.36, for which an appropriate certificate will be issued.

FINANCE DOCKET No. 278.

IN THE MATTER OF SETTLEMENT WITH THE ARKANSAS & MEMPHIS RAILROAD BRIDGE & TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 22, 1921. Decided April 11, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Arkansas & Memphis Railway Bridge & Terminal Company. Proceeding dismissed.

W. S. Martin for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Arkansas & Memphis Railway Bridge & Terminal Company, hereinafter termed the company, is a corporation of the State of Tennessee. Its property consists of a double-track steel bridge extending, with its approaches, from Kansas Street, Memphis, Tenn., across the Mississippi River to Bridge Junction, Ark., a distance of 2.32 miles. It also leases and operates a piece of track extending from Bridge Junction, Ark., to Briark, Ark., a distance of 0.6 mile. All revenues and expenses and any income or profit-and-loss items referable to the operation of the property are billed to and included in the accounts of the proprietary operating companies, namely, the Chicago, Rock Island & Pacific Railway Company, the Missouri Pacific Railroad Company, and the St. Louis Southwestern Railway Company.

The company filed a written statement with us on March 13, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the proprietary operating companies were compensated therefor in their contracts with the director general. The provisions of section 209 will, therefore, be applied to such portion of the results of operations of the company's property during the

FINANCE DOCKET No. 448.

IN THE MATTER OF SETTLEMENT WITH THE DURHAM
UNION STATION COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted March 20, 1922. Decided April 10, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Durham Union Station Company. Proceeding dismissed.

H. W. Miller for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Durham Union Station Company, hereinafter termed the company, is a corporation of the State of North Carolina, and operates a passenger terminal at Durham, N. C. The company filed a written statement with us on March 13, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contracts with the director general. The property is operated for the benefit of its tenant companies, namely, the Southern Railway Company, the Seaboard Air Line Railway Company, the Norfolk & Western Railway Company, and the Durham & Southern Railway Company, and all its operating expenses, revenues, and fixed rental charges were billed to the operating tenant companies and included in their accounts during both the test and the guaranty periods. All of the operating companies, except the Southern Railway Company, accepted the guaranty of section 209. The provisions of that section have been fully applied to the results of operations of the company's property during the guaranty period borne by the tenant lines which accepted the guaranty through the inclusion thereof in such tenant companies' accounts for the guaranty period.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 2208.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR A CERTIFICATE THAT PUBLIC CONVENIENCE AND NECESSITY PERMIT THE ABANDONMENT OF A PORTION OF ITS LINE OF RAILROAD.

Submitted April 3, 1922. Decided April 10, 1922.

Certificate issued authorizing the abandonment of a ferry between Russell, Ky., and Ironton, Ohio, constituting a portion of applicant's line of railroad.

W. S. Bronson for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chesapeake & Ohio Railway Company, a carrier by railroad subject to the interstate commerce act, on January 28, 1922, filed an application for a certificate that the present and future public convenience and necessity permit the abandonment of a portion of its line of railroad consisting of a ferry operated across the Ohio River between Russell, Ky., and Ironton, Ohio. No representations were made in the matter by the authorities of either State, but the city council of Ironton recommended that the application be granted. The case was submitted without formal hearing.

The ferry in question was acquired and placed in operation by the applicant in 1890, at a time when its line of railroad did not extend north of the Ohio River. The investment cost of the ferry, with its appurtenances, as shown by applicant's books, is \$17,050. Revenues have been derived almost entirely from local passenger traffic and the transportation of vehicles, all freight traffic being handled through other connections. Gross revenues amounted to \$27,194.51 in 1921, while maintenance-of-equipment and transportation expenses were \$25,666.90, not taking into account such items as taxes, insurance, and other expenses which would be strictly and properly chargeable to operation. A new highway bridge has been constructed across the Ohio River between Russell and Ironton, and the applicant states that such bridge will be opened for travel about April 21, 1922, and that thereafter the vehicular and passenger

traffic heretofore making use of the ferry will use the bridge. Applicant's revenues from operation of the ferry will therefore entirely disappear, and the only persons who could thereafter make any use of the ferry would be certain of applicant's employees who are now transported across the river without charge. The distance from the business center of Ironton to the applicant's station at Russell, by way of the ferry, is 3,870 feet, whereas the distance between the same points over the new bridge is 5,025 feet, but applicant states that the saving in time and expense will induce its former patrons to cross the river by the latter means. Continued operation of the ferry will therefore serve no useful purpose, but will require the expenditure of more than \$25,000 annually, without revenue.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment by the applicant of the ferry in question.

A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in said application having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Chesapeake & Ohio Railway Company of its ferry operated between Russell, Ky., and Ironton, Ohio, as described in said application and report.

It is ordered, That said Chesapeake & Ohio Railway Company be, and it is hereby, authorized to abandon said ferry.

It is further ordered, That said Chesapeake & Ohio Railway Company, when filing schedules canceling tariffs applicable to said ferry, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 2220.

IN THE MATTER OF THE APPLICATION OF THE MORGANTOWN & KINGWOOD RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted March 25, 1922. Decided April 10, 1922.

Authority granted to issue \$40,500 of first-mortgage 5 per cent 30-year bonds, series B, for the purpose of refunding a like amount of first-mortgage 5 per cent 20-year bonds which matured January 1, 1922.

H. R. Preston for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Morgantown & Kingwood Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$40,500 of first-mortgage 5 per cent 30-year gold bonds, for the purpose of refunding a like amount of its first-mortgage 5 per cent 20-year bonds which matured January 1, 1922. No objection to the granting of the application has been presented to us.

The applicant whose line of railroad, about 48 miles long, extends from Morgantown to Kingwood Junction, W. Va., is a subsidiary of the Baltimore & Ohio Railroad Company, its entire outstanding capital stock being owned by that company.

A first mortgage, dated March 7, 1902, was made by the applicant to the Bank of Monongahela Valley to secure an authorized issue of \$250,000 of 5 per cent 20-year gold bonds. Of this amount only \$125,000 of bonds were issued.

Under date of January 2, 1905, the applicant made a new first mortgage to the Trust Company of West Virginia (since succeeded as trustee by the Davis Trust Company of West Virginia), to secure an authorized issue of \$1,500,000 of 5 per cent 30-year gold bonds, maturing January 2, 1935. Bonds in the amount of \$1,459,500 have been issued under this mortgage. By the terms of article nineteenth of the mortgage, \$125,000 of bonds, series A, each of the denomination of \$1,000, were reserved for the purpose of retiring the bonds issued under the mortgage dated March 7, 1902. Through

bonds retained therefor \$84,500 of old first-mortgage bonds have been retired, leaving outstanding \$40,500 of those bonds. The trustee under the new first mortgage holds \$40,500 of bonds, series B, issuable thereunder, each of the denomination of \$500, which, it appears, have been substituted for bonds of series A, and are available for retiring the outstanding bonds of the prior issue, and which may be used for that purpose under the general authority given by that mortgage to use the bonds thereby secured in paying the debts and liabilities of the applicant.

It appears that the Baltimore & Ohio Railroad Company owns all of the bonds to be refunded and has offered to exchange them, par for par, for the bonds to be issued. Under the provisions of the mortgage dated January 2, 1905, the applicant is to cancel the bonds to be refunded and have the old first mortgage released and satisfied of record.

We find that the proposed issue of bonds by the applicant as aforesaid (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Morgantown & Kingwood Railroad Company be, and it is hereby, authorized to issue not exceeding \$40,500, principal amount, of first-mortgage 5 per cent gold bonds, series B, under and pursuant to, and to be secured by, the general mortgage dated January 2, 1905, made by the applicant to the Trust Company of West Virginia; said bonds to bear interest at the rate of 5 per cent per annum, payable semiannually on January 2 and July 1 in each year, and to mature January 2, 1935; said bonds to be exchanged, par for par, for first-mortgage 5 per cent 20-year gold bonds of said railroad company, which matured January 1, 1922, and are now outstanding; said bonds so received in exchange for the bonds herein authorized to be issued to be canceled as and when they are delivered to the applicant.

It is further ordered, That except as herein authorized said first-mortgage 5 per cent 30-year gold bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall report to this commission within 10 days thereafter, respectively, all pertinent facts relating to (1) the delivery of first-mortgage 5 per cent 30-year gold bonds, (2) the cancellation of first-mortgage 5 per cent 20-year gold bonds received in exchange therefor, and (3) the release and satisfaction of record of the mortgage dated March 7, 1902, securing said 20-year bonds; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to any of said bonds, or interest thereon.

71 I. C. C.

FINANCE DOCKET No. 278.

IN THE MATTER OF SETTLEMENT WITH THE ARKANSAS & MEMPHIS RAILROAD BRIDGE & TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 22, 1921. Decided April 11, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Arkansas & Memphis Railway Bridge & Terminal Company. Proceeding dismissed.

W. S. Martin for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Arkansas & Memphis Railway Bridge & Terminal Company, hereinafter termed the company, is a corporation of the State of Tennessee. Its property consists of a double-track steel bridge extending, with its approaches, from Kansas Street, Memphis, Tenn., across the Mississippi River to Bridge Junction, Ark., a distance of 2.32 miles. It also leases and operates a piece of track extending from Bridge Junction, Ark., to Briark, Ark., a distance of 0.6 mile. All revenues and expenses and any income or profit-and-loss items referable to the operation of the property are billed to and included in the accounts of the proprietary operating companies, namely, the Chicago, Rock Island & Pacific Railway Company, the Missouri Pacific Railroad Company, and the St. Louis Southwestern Railway Company.

The company filed a written statement with us on March 13, 1920, therein accepting all of the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the proprietary operating companies were compensated therefor in their contracts with the director general. The provisions of section 209 will, therefore, be applied to such portion of the results of operations of the company's property during the

guaranty period as is borne by the tenant lines which accepted the guaranty, through the inclusion thereof in such tenant companies' accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be issued.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 755.

IN THE MATTER OF SETTLEMENT WITH THE POTATO
CREEK RAILROAD COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted January 31, 1921. Decided April 14, 1922.

Conditional acceptance of the benefits of section 209 of the transportation act, 1920, held invalid. Proceeding dismissed.

Ganson Depew for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Potato Creek Railroad Company, hereinafter termed the carrier, is a corporation of the State of Pennsylvania. It connects at Keating Summit, Pa., with the Buffalo & Susquehanna Railroad, and at Liberty, Pa., with the Pennsylvania Railroad. Its average mileage during the test period was approximately 69 miles, and during the guaranty period approximately 48 miles. The carrier is a logging and lumber road and operates a fluctuating mileage, due to the fact that the line is dismantled and moved to different territory as the timber supply is exhausted.

On March 15, 1920, the carrier filed a statement with us reading as follows:

The Potato Creek Railroad Company hereby accepts all of the provisions of Section Two Hundred and Nine of the Act of Congress known as the Transportation Act, 1920, approved February Twenty-eight, Nineteen Hundred and Twenty, subject, however, to the granting of the following claim:

As the Potato Creek Railroad is primarily a Railroad whose principal business is the transportation of lumber and other forest products, the life of which is relatively short, the Company during the test period charged what for a railroad with a more stable traffic would be excessive sums for depreciation of maintenance of way and structures, which resulted in a deficit of Average Railway Operating Income for the test period of \$2,000.88, and,

As the Company in making its report to the Interstate Commerce Commission accompanied this report with a statement showing that during the test period the overcharge to expenses averaged \$67,009.88 a year, leaving its true Railway Operating Income an average of \$65,009.00, it is claimed that the Company under the guaranty provisions of Section Two Hundred and Nine is entitled to a guaranty of a return of \$32,504.50 for the six months ending September First, Nineteen Hundred Twenty.

The statute makes no provision for a conditional acceptance of the guaranty. The duty and obligation of determining the carrier's railway operating income for the test period and for the guaranty period is imposed upon the commission, and we are required to make such determination in accordance with rules laid down in the section. If the "condition" in the carrier's acceptance merely contemplated the application of some rule in the statute, it might be treated as surplusage, but in this case it attempts to control the computation of income in a manner not contemplated by the statute. It must be held, therefore, that the acceptance was invalid, and that the carrier is not entitled to the benefits of the section. The proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 864.

IN THE MATTER OF SETTLEMENT WITH THE VAN
BUREN BRIDGE COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted February 28, 1921. Decided April 14, 1922,

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Van Buren Bridge Company. Proceeding dismissed.

Henry J. Hart for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Van Buren Bridge Company, hereinafter termed the company, is a corporation of the State of Maine, but authorized to do business in the Parish of St. Leonards, Province of New Brunswick. The company filed a written statement with us on March 5, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof and a contract was entered into jointly by it and the Bangor & Aroostook Railroad Company with the director general, in which the amount named on behalf of the company was \$19,396.35 per annum. The company has filed a statement in response to the commission's order of October 18, 1920, in which it is shown that there is due the Government, on account of operations of the property during the guaranty period, an amount of \$1,262.09, as stated by the carrier.

The company owns no equipment, has no tariff rates or charges, and no relations with the public. It receives a toll for cars handled across the bridge, the Canadian carriers or those in the United States publishing through rates in which the company does not participate, but out of which it receives tolls paid to it by the operating railroad companies, which tolls, together with the amount

received on account of lease of certain portions of its property to operating companies, constitute its only source of revenue.

We find that the company is not a carrier as defined in subdivision (a) of section 209 and the provisions of said section are not applicable to it. The proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 2310.

IN THE MATTER OF THE APPLICATION OF THE MISSOURI-ILLINOIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted April 3, 1922. Decided April 14, 1922.

Authority granted to issue not exceeding \$225,000 of first-mortgage 7 per cent gold bonds; said bonds to be sold at 92½ per cent of par and accrued interest, the proceeds to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service.

Carter, Collins & Jones for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Missouri-Illinois Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue not exceeding \$225,000 of first-mortgage 7 per cent gold bonds; said bonds to be sold at a price of 92½ per cent of par and accrued interest, the proceeds to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and alteration of approaches. No objection to the granting of the application has been presented to us.

The applicant's mortgage, dated as of February 15, 1921, but actually executed on June 17, 1921, made to the First Trust & Savings Bank, of Chicago, Ill., and W. Frank Carter, trustees, authorizes a total issue of \$1,000,000 of bonds, all of which are to be dated February 15, 1921, to bear interest at the rate of 7 per cent per annum, payable semiannually on February 15 and August 15 in each year, and to mature on February 15, 1931. The only bonds issued under the mortgage are \$300,000 authorized by our order dated May 23, 1921, in *Securities of Missouri-Illinois R. R.*, 67 I. C. C., 651, which are now outstanding in the hands of the public.

Section 3 of article 2 of the mortgage reserves \$700,000 of bonds to be issued for the purpose, among others, of raising money by the sale thereof for betterments and improvements of the applicant's railroad properties or equipment. The applicant now proposes to

issue \$225,000 of bonds, the proceeds of the sale thereof to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and alteration of approaches to be used by the ferry when placed in service. The ferry, when received by the applicant, will be used to transfer its cars and trains across the Mississippi River between Kellogg Landing, Ill., and Little Rock Landing, Mo., and will replace for active service the ferry now used, which was built about 25 years ago and is in such imperative need of complete overhauling that the insurance companies have canceled the insurance until such overhauling is completed. The applicant states that such overhauling at this time would require discontinuance of all of the applicant's traffic across the Mississippi River, since it is impossible to procure a relief boat, and that it has therefore made such repairs as are possible while the ferry is in service and is continuing the use of the old boat until it can be replaced. Upon delivery of the new ferryboat, the old one, after being overhauled, will be used as an auxiliary, so that in the event of accident or disability of one of them, the other will be immediately available. The applicant has no means of meeting such expenditures other than by the proposed sale of bonds, the proceeds of which will be used solely for such purposes. The applicant has entered into a contract, a copy of which has been filed with us, for the immediate construction of the new ferry at a cost of \$176,000, and estimates that additional expenditures for equipment and alteration of approaches will bring the total cost to approximately the amount which will be realized from the sale of the \$225,000 of bonds. In respect of the use of the proceeds of the bonds for equipment and alteration of approaches, we will authorize such use only for expenditures properly chargeable to capital account.

Arrangements have been made with stockholders whereby they will purchase the bonds at a price of 92½ per cent of par and accrued interest. This is in excess of the present market value of the bonds now outstanding, and is also considerably in excess of the best bid obtained from bankers. At this price the net cost to the applicant of the proceeds of the bonds will be approximately 8.2 per cent per annum.

We find that the proposed issue of first-mortgage gold bonds by the applicant, as aforesaid, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and

which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Missouri-Illinois Railroad Company be, and it is hereby, authorized to issue not exceeding \$225,000, principal amount, of first-mortgage gold bonds, under and pursuant to, and to be secured by, its mortgage dated as of February 15, 1921, but actually executed on June 17, 1921, to the First Trust & Savings Bank, of Chicago, Ill., and W. Frank Carter, trustees; said bonds to be dated February 15, 1921, to bear interest at the rate of 7 per cent per annum, payable semiannually on February 15 and August 15 in each year, and to mature on February 15, 1931; said bonds to be sold at a price of not less than 92½ per cent of par and accrued interest, and the proceeds thereof to be used solely to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and alteration of approaches thereto, so far as such expenditures are properly chargeable to capital account.

It is further ordered, That, except as herein authorized, the said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, file with this commission a report showing all pertinent facts relating to the issue and sale of said bonds, and the expenditure of the proceeds thereof; such reports to be signed and verified by an executive officer having knowledge of the facts. .

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2149.

IN THE MATTER OF THE APPLICATION OF THE SEABOARD-BAY LINE COMPANY FOR A LOAN FROM THE UNITED STATES TO PROVIDE EQUIPMENT FOR THE SEABOARD AIR LINE RAILWAY COMPANY.

Submitted April 10, 1922. Decided April 15, 1922.

Upon application and consideration thereof, loan of \$4,400,000 for equipment approved. Seaboard-Bay Line Company approved as an organization or agency to or through which the loan may be made, pursuant to the provisions of the amendment to section 210.

S. Davies Warfield for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4

The Seaboard-Bay Line Company, a corporation of the State of Maryland, hereinafter referred to as the applicant, on February 7, 1922, made application to us for a loan from the United States in accordance with section 210 of the transportation act, 1920, as amended, to enable the applicant to provide equipment for sale or lease to and for use by the Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the carrier.

On February 7, 1922, the carrier filed with us its concurrence in the aforesaid application of the applicant.

The applicant sets forth:

1. That the application is made under the express provisions of section 5 of the sundry civil appropriations act, approved June 5, 1920, amending section 210 of the transportation act. We are requested to approve the applicant as an "organization, car trust, or other agency," appropriate in the public interest through which loans may be made within the meaning of said section 210.

2. That the amount of the loan desired is \$4,670,892.50.

3. That the term for which the loan is desired is 15 years, repayable serially in semiannual installments with privilege of repayment in whole or in part before maturity.

4. That the purpose of the loan and the use to which it will be applied are to enable the applicant to provide the carrier with equipment as follows:

New equipment:

25 mikado and mountain-type locomotives, at \$40,000 each	\$1,000,000.00
1,250 80,000-pound capacity steel-underframe steel-end ventilated box cars, at \$1,554.79 each	1,943,487.50
300 80,000-pound capacity steel-underframe flat cars, at \$1,085.63 each	325,689.00
200 50-ton all-steel phosphate cars, at \$1,453.58 each	290,716.00
3 steel-underframe all-steel dining cars, at \$30,000 each	90,000.00

Rebuilt equipment:

3,000 freight-train cars, rebuilt and improved, one third of total estimated value	1,030,000.00
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Loan desired from the United States	4,679,892.50
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5. The present and prospective ability of the applicant and the carrier to repay the loan and to meet their obligations in regard thereto.

6. That the security offered for the loan consists of (a) unconditional guaranties of the carrier and of the Baltimore Steam Packet Company, a carrier by water subject to the interstate commerce act, indorsed upon the primary obligations evidencing the loan; (b) full title to the equipment to be acquired with the proceeds of the loan, as aforesaid; and (c) full title to two freight-and-passenger steamers to be acquired by the applicant, at an estimated cost of \$1,285,000, with funds secured otherwise than from the proceeds of the loan, for sale or lease to and use by the company.

7. That the extent to which the public convenience and necessity will be served by the loan is that the carrier will be enabled to acquire needed new and reconstructed equipment which will enable the carrier properly and economically to serve the transportation needs of the public.

The application was accompanied by such facts in detail as we required with respect to the physical situation, ownership, capitalization, indebtedness, contract obligations, operation, and earning power of the applicant, together with such other facts relating to the propriety and expediency of granting the loan applied for and the ability of the applicant and the carrier to make good the obligation, as we deemed pertinent to the inquiry.

Under the principles announced by us for apportioning the revolving fund,¹ requirements of carriers in respect of passenger-train equipment are subordinated to those for freight-train equipment. The item of \$90,000 for the purchase of three steel-underframe all-steel dining cars will be eliminated from consideration.

¹ 65 I. C. C., 12.

The Baltimore Steam Packet Company, hereinafter referred to as the company, is a subsidiary of the carrier and is engaged in water-line service in connection with the carrier's system of railroad, the entire capital stock of the company being owned by the carrier.

The applicant is organized as an equipment corporation for the primary purpose of providing the system and subsidiaries of the carrier with necessary equipment. It has a paid-in cash capital of \$1,500,000, evidenced by an equivalent par value of capital stock owned by the carrier and by the company. The directors and officers of the applicant are also directors and officers of the carrier and the company.

From the record it appears that due to the abnormal conditions of the past few years, the high cost of material and inadequacy of the supply, the carrier has put in service no new equipment except engines and caboose cars since 1914, and the carrier represents that because of normal retirements, the accumulation of bad-order cars, and as a result of the conditions arising out of and following Federal control, its cars available for freight service have been unavoidably reduced since that year by approximately 30 per cent; and that the additions herein provided are necessary in order to enable it to serve the public economically. The carrier represents that of its total freight equipment substantially 5,000 cars are in bad order, unfit for service, and in need of repairs or rehabilitation, and that substantially 3,000 of these cars are in such a condition of bad order as to justify their immediate retirement and sale. As a result of this situation the carrier is paying per diem at the current rate of approximately 4,000 cars, entailing an annual charge to operations approximating \$1,460,000. The carrier estimates there would be a gross saving of \$1,675,000 and a net saving of approximately \$750,000 per annum resulting from the retirement of the existing freight-train cars, as aforesaid, and the acquisition by it, through sale or lease by the applicant, of an equal number of new or rebuilt cars of a serviceable character and the new freight-train equipment aforesaid.

It is pointed out that the carrier, on account of local conditions, is able at this time to secure unusually favorable terms for the equipment in the manner herein suggested and at the same time greatly benefit the general commercial and transportation situation in the territory; and applicant shows that the direct result can be accomplished through the agency suggested at a materially lower figure than through the medium of the carrier's shops.

The applicant proposes to purchase unconditionally from the Chickasaw Shipbuilding & Car Company 3,000 bad-order cars which

that company will acquire from the carrier and which will be released from the lien of the carrier's mortgages on payment to the trustees of their appraised value arrived at in accordance with the provisions of the mortgage; and applicant has arranged for the complete reconstruction, repairing, and renumbering of the cars. Applicant, as illustrative of the character and importance of the improvements to be made, points out that the maintenance of wooden-end box cars has proven to be exceptionally high on account of the light and unbraced type of construction of the car, but that the proposed rebuilding of these cars with heavy bracing and reinforcing will materially prolong the life of the car, and substantially reduce the current cost of maintenance. After rebuilding, the cars will be purchased from the applicant by the carrier under a conditional-sale agreement at an appraised price to be agreed on after inspection by the carrier and on certificate of value by its mechanical engineer. They will then have an actual value equal to or in excess of the amount at which they will be carried into the carrier's books. They will have an estimated life practically equivalent to the life of a new car of the same type. And it is stated that the annual cost of maintenance to the carrier over the period of their extended life will be substantially less than that which would be necessary if the cars were rebuilt in the ordinary way without betterments.

When the cars are purchased by the Chickasaw Company they will be eliminated from the carrier's accounts and retired in accordance with our accounting rules. The transaction will constitute an actual sale of the equipment to the applicant, a reconstruction of the equipment, and an actual sale by the applicant to the carrier; and will comply in all respects with our accounting regulations.

The legal effect of this transaction is to release equipment from an existing lien, in accord with the mortgage provisions and thus place back of the loan to the applicant a security that the carrier is unable to offer. In looking back of the form to the substance of the transaction we should consider it as a whole. In doing so we are confronted by the fact that an important carrier operating 3,565 miles of railroad is doing so in an uneconomical manner because of its inability to finance the purchase of equipment needed to enable it to meet the transportation needs of the public; and in this connection we may not disregard our obligations under section 15a of the interstate commerce act. We face also the corollary showing that through the medium of a separate organization this difficulty may be legally overcome. Such an organization has been created

and has applied to us in proper manner for a loan. The practical question presented under the act is, shall we under the circumstances approve that organization as the "most appropriate in the public interest"? We can not construe the act as imposing upon us the stupendous and seemingly impracticable task of analyzing every means of financing equipment for all carriers, or as precluding us from determining upon the record before us the most appropriate method under the circumstances shown for financing the equipment needs of the single carrier. This seems particularly true if we are to consider the purposes of loans under section 210 as limited by the necessities of the period immediately following the termination of Federal control. We are convinced that under the circumstances shown in this case the applicant is the most appropriate organization for the purpose of supplying equipment to the carrier within the meaning of the statute.

Considering the proposed loan as one made to the carrier rather than the applicant, doubt has been expressed as to whether it comes within the meaning of section 210 of the transportation act, 1920, or results in any increased service to the public during the transition period immediately following the termination of Federal control. This objection seems to run rather to the temporary car situation than to the fact that the application is passed upon at a relatively late date. It raises two issues, the advisability of preparing during the transition period to meet its legal obligation in respect to car supply on the return to normalcy, and the relationship of the car supply on the individual road to the general car supply. We have frequently had occasion to criticise the tendency of some carriers to rely upon the use of foreign equipment. We believe that the advantages which the carrier may derive by the purchase of equipment during this period of lower prices and by the repair of its bad-order cars under the favorable conditions stated make it the part of good management to do so, and form a proper basis for a loan under section 210. We do not believe that the fact that there is a general condition of oversupply of cars would justify us, in considering the application of the individual carrier, in taking a stand that would require it to continue to pay from its revenues excessive car hire to other carriers, especially when it is considered that this car hire is paid at the current per diem rate.

Applicant states that the cost of equipment has now reached a basis which makes it expedient for it to purchase at this time; and it appears that the prices at which the applicant proposes to acquire the new equipment are reasonable as compared with prices now being

paid by other carriers for equipment of similar types and specifications.

The loan requested in respect of new freight-train equipment is equivalent to 100 per cent of the total estimated cost of such equipment. That requested in respect of rebuilt equipment to be acquired is approximately one-third of the estimated value of such equipment. In our apportionment of the moneys appropriated by section 210 of the transportation act we have generally required substantial contributions toward the purchase of equipment acquired, either from the carrier's own funds or from loans from private sources, to meet the contributions of the Government. These outside contributions have customarily amounted to 50 per cent of the whole in respect of locomotives and to 75 per cent of the whole in respect of freight-train cars. In loans for equipment made through the National Railway Service Corporation a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. In the present case, however, we are confronted with a new situation. The entire program of equipment betterments contemplates an investment, entirely apart from proposed expenditures under the loan, of approximately \$1,285,000 in equipment for use by a water-line carrier; and while we are not authorized, under section 210, to approve loans in respect of such equipment, we may not disregard the fact that the separate expenditure of this sum, as proposed, will be of undoubted value in promoting the movement of freight traffic over the carrier's railroad, and will add materially to the security for the loan. It is alleged that, except for an additional sum of approximately \$200,000 and the contribution of approximately two-thirds of the value of the rebuilt equipment proposed to be acquired, this sum represents the carrier's maximum possible effort by way of self-help. Considering the program as a whole, the contribution proposed to meet the loan by the United States is approximately 45 per cent.

The applicant represents that the loan can not be secured from other sources except on terms which would require a large initial cash expenditure and at a rate of interest which would make impracticable the undertaking as aforesaid.

After investigation, we find that the making of the loan by the United States to the applicant, which is hereby approved as an organization for the purpose as most appropriate in the public interest, for the acquisition of equipment, exclusive of passenger-train cars, as aforesaid, is necessary in order to enable the carrier

properly to meet the transportation needs of the public; that the prospective earning power of the applicant and the carrier, and the character and value of the security offered, afford reasonable assurance of the repayment of the loan within the time fixed therefor, and the meeting of the other obligations in connection with such loan, and reasonable protection to the United States; and that the carrier is unable to provide itself with funds necessary for aforesaid purposes from other sources.

Among the terms and conditions of the loan will be the following requirements:

1. The applicant shall procure otherwise than from the proceeds of the loan, and apply to the purposes of the loan, the approximate sum of \$200,000, in cash, in addition to an investment of not less than \$1,285,000 in the acquisition of two freight-and-passenger steamers according to the specifications and for the purposes set forth in its application and shall pay the cost of the rebuilt cars in excess of \$1,030,000.

2. The carrier shall employ and pay out of its own treasury such inspectors, other than its own inspectors, as we may from time to time direct, for the purpose of appraising the value of the 3,000 freight-train cars proposed to be retired. This appraisal shall be upon such bases as are prescribed by us, and shall be subject to our approval; and the value at which such equipment shall be retired shall be determined accordingly. The inspectors so to be employed shall work under our direction and report to us.

3. The applicant shall employ and pay out of its own treasury such inspectors, other than its own inspectors, as we may from time to time direct for the purpose of appraising the value of the 3,000 rebuilt freight-train cars proposed to be purchased by it and in respect of which the loan in part is made. This appraisal shall be upon such bases as are prescribed by us, and shall be subject to our approval; and the appraised value thus established shall be treated, dealt with, and given such effect in any equipment-trust agreement, lease, or other transaction between the trustee of any such equipment trust covering said rebuilt equipment, the applicant and/or the carrier as may be directed or approved by us; provided such appraised value shall not exceed the retirement value required by paragraph 2, *supra*, plus the contract price of rehabilitation. The inspectors so to be employed shall work under our direction and shall report to us.

When any amount that may be due the carrier on account of under-maintenance of freight-train cars during Federal control of the carrier's railroad and system of transportation shall be finally deter-

mined, either upon final settlement or agreement between the carrier and the President or his agent, or otherwise, as may be authorized by law, the carrier shall forthwith report the same to the commission and the whole or any part of such amount as determined by the commission shall be payable direct by the Director General of Railroads in repayment of or upon the loan; and the carrier shall execute such instruments and take such steps as may be necessary to this end.

An appropriate certificate will be issued.

EASTMAN, *Commissioner*, concurring:

In view of the dissenting opinion in this case, I feel that I may with propriety summarize briefly the situation, as I view it, with respect to the loans under section 210 of the transportation act which have already been made to the Seaboard Air Line Railway Company, and the reasons which lead me to believe that this additional loan will be in the public interest.

In certifying loans under section 210 we must find, among other things, "that the prospective earning power of the applicant, together with the character and value of the security offered, furnish, in the opinion of the Commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor and reasonable protection to the United States." It will be noted that the "reasonable assurance" of which the statute speaks is dependent upon two factors combined. One is "prospective earning power"; the other is the "character and value of the security offered." In a given instance we may rely chiefly upon either of these factors, so long as, taken in combination, they afford the reasonable assurance required. In the case of the Seaboard, it may be conceded that the security for the previous loans has been of inferior "character and value," but we did not certify these loans until we had been at pains to secure information from various independent sources in regard to the "prospective earning power" of the Seaboard, nor until we had become convinced that the prospects were sufficiently favorable so that the Government would be reasonably assured of repayment.

The additional loan which is now being certified will add materially both to the earning power of the Seaboard and to the value of the security held by the Government. The latter will be given a prior lien not only upon locomotives and cars having a value in excess of the amount of the additional loan but also upon two new steamships costing more than \$1,000,000. Moreover, it is conceded that this new equipment will enable the Seaboard to operate with

enhanced economy and efficiency, relieving it in particular of a very heavy burden of per diem charges. Under the circumstances, I am not disposed to construe our authority to certify the loan in any technical or narrow spirit, but rather with a view to accomplishing the purpose which I believe Congress had in mind. In my judgment we have by no means reached the end of the "transition period immediately following the termination of Federal control," and the mere fact that the country for the time being has a surplus of cars is in no way proof that additional equipment will not be sorely needed at no distant date. Certain it is that the best time to provide against car shortage is before the emergency arises.

I have no liking for the legal machinery by which the Government is given a first lien upon the locomotives, cars, and steamers; but there is apparently no simple way to accomplish this eminently desirable result, and the process which is to be followed has been subjected to close legal scrutiny. Apart from these intricacies, the chief question arises with respect to the equipment which is to be rebuilt. Undoubtedly the Seaboard can lawfully sell worn-out or broken-down cars for what they will bring and buy them back again after they have been rebuilt. In form that is what is proposed here, and the accounting will in all respects accord with our regulations. Manifestly, however, the transaction might easily be abused, for it will, except for the rebuilding portion of the program, be formal only and wholly within the Seaboard's control.

To guard against abuse, we have provided that both the sale and the repurchase shall be on terms which will in effect be fixed by us. The transaction is clearly one that ought not to be permitted except under close public supervision, and then only in exceptional circumstances. In my judgment such circumstances exist in this case, and the ultimate result will promote rather than prejudice the public interest.

DANIELS, *Commissioner*, dissenting:

I find myself unable to assent to the proposed loan to be made to the Seaboard-Bay Line Company. The security offered for this particular loan, although in part somewhat unusual, inasmuch as it is to include a first mortgage on two steamers not yet built but to be constructed, would seem adequate and would go in a way to enhance the value of collateral already accepted from the beneficiary of this loan, and to that extent would improve the situation from

the standpoint of the Government as a creditor.¹ Despite these considerations, I am unable to approve the loan in question for the following reasons:

To certify the loan is to give indirectly to the beneficiary thereof, the Seaboard Air Line Railway Company, that which it is conceded we could not grant to it directly. The report in this case expressly says the proposed transaction will place back of the loan to the applicant a security that the rail carrier is unable to offer. The railway company owns all of the outstanding capital stock of the Baltimore Steam Packet Company, a carrier by water; and the loan is to be secured in part by the indorsements and guaranties of the packet company and a lien on two steamers which are to be built for the packet company.

For the accomplishment of its purpose the railway company has brought about the organization of a new corporation, the Seaboard-Bay Line Company, which becomes the nominal applicant for the loan in reliance upon the provision in section 5 of the sundry civil appropriation act of June 5, 1920, 41 Stat. L., 947, that—

The loans for equipment authorized by section 210, Transportation Act, 1920, may be made to or through such organization, car trust or other agency as may be determined upon or approved or organized for the purpose by the commission as most appropriate in the public interest for the construction,

¹ Loans have been made to the Seaboard Air Line Railway Company under section 210 of the transportation act, 1920, as follows:

Pursuant to certificate No. 21, dated Sept. 11, 1920.....	\$6, 073, 400
Pursuant to certificate No. 75, dated Mar. 1, 1921.....	1, 173, 500
Pursuant to certificate No. 79, dated Mar. 25, 1921.....	1, 451, 500
Total.....	8, 698, 400

The first loan is secured by pledge of—

Fruit Growers Express Co. stock.....	199, 400
Seaboard Air Line Railway Co. preferred stock.....	2, 235, 000
Seaboard Air Line Railway Co. common stock.....	1, 500, 000
Seaboard Air Line Railway Co. first and consolidated mortgage series-A 6 per cent bonds, 1945.....	7, 771, 000

The second and third loans by pledge of—

Seaboard Air Line Railway Co. first and consolidated mortgage series-A 6 per cent bonds, 1945.....	1, 790, 000
Seaboard Air Line Railway Co. preferred stock.....	1, 105, 000
Seaboard Air Line Railway Co. common stock.....	1, 521, 600
Albany Passenger Terminal Co. stock.....	3, 000
North Charleston Terminal Co. stock.....	35, 000
Chatham Terminal Co. stock.....	25, 000
Durham Union Station Co. first-mortgage 50-year 5 per cent gold bonds, 1955.....	18, 000
Florida Central & Gulf Railway first-mortgage series-A 5 per cent gold bonds, 1967.....	200, 000
U. S. Government Second Liberty Loan, 4½ per cent bonds.....	4, 000
U. S. Government Third Liberty Loan, 4½ per cent bonds.....	5, 350
U. S. Government Fourth Liberty Loan, 4½ per cent bonds.....	500
Seaboard Air Line Railway Co. equity in \$3,902,000 of its first and consolidated mortgage series-A 6 per cent bonds, 1945, previously pledged to secure notes held by the Director General of Railroads.	

and sale or lease of equipment to carriers, upon such general terms as to security and payment or lease as provided in this section or in subsections 11 and 13 of section 422 of the Transportation Act, 1920.

However general its charter powers, the avowed purpose of the applicant is to furnish equipment by sale or lease only to this one railway company and its subsidiaries, including the packet company. There is in reality only one carrier system by railroad which will benefit by the loan in question. It appears that this corporation was "organized exclusively in the interest of the" railway company. The intent of the statute, however, in permitting loans for equipment to be made to an "agency" was apparently to provide equipment to carriers by railroad generally and not to a single carrier by railroad.

Moreover, it is, to say the least, doubtful whether the applicant, which is chartered to buy, sell, and otherwise deal in marine as well as railroad equipment, and which actually proposes to acquire two steamships, can properly be regarded as "most appropriate." Under section 210 of the transportation act, 1920, loans for equipment can be made only to carriers by railroad; and it is clear that the term "carriers," as used in the provision now under consideration, means carriers by railroad. While the loan in question will not be used to acquire marine equipment, it is nevertheless true that nearly all of the proceeds of the applicant's capital stock will be eventually invested in the steamships. These vessels will be potentially subject to maritime liens of various kinds which would displace the lien of any mortgage or equipment trust that can be devised; yet they will constitute practically the only assets of the applicant. It would seem to be a debatable question whether a company with such assets can properly be regarded as an agency "most appropriate" for the purpose of supplying railroad equipment to railway carriers.

Furthermore, we have heretofore approved the National Railway Service Corporation, under the statutory provision last above quoted, as an "organization, car trust or other agency * * * most appropriate in the public interest for the construction, and sale or lease of equipment to carriers." And it may be a reasonable, if not a necessary, construction of this provision that only one agency—the agency most appropriate in the public interest—can "be determined upon or approved or organized for the purpose by the commission."

The end for which this loan is sought is to enable the railway company to save the heavy per diem which it now pays for the use of the equipment of its connections. From the standpoint of the railway company this is doubtless desirable financially. On the other hand, since the number of idle cars is now about 400,000, it is at least questionable whether the expenditure of this loan for new

equipment and for repairing old equipment will result in serving the public during the transition period immediately following the termination of Federal control with any more cars than would be available without any such expenditure. The rental paid by the railway company for equipment of other carriers is over \$1,500,000 a year at present. If equipment were acquired and repaired as contemplated, this car rental, while it would be in part saved by the carrier, would cease to accrue to its connections whose equipment the carrier is now using. It is forcefully urged that at a time of industrial depression carriers may properly contract on favorable terms for new equipment which will eventually be required by the demands of traffic. While this is conceded, it may be questioned whether section 210 warrants us in making loans for the purpose of providing additional equipment not presently needed but that may be needed at some future time.

The proposed loan, in addition to those already made to the railway company, seems to me to allot a wholly disproportionate amount of the revolving fund to this carrier. There has already been authorized in loans to this carrier amounts aggregating \$8,698,400. This additional loan to be made for its benefit will bring the total up to over \$13,000,000. Taking into consideration the character and value of the collateral which we have heretofore accepted, it appears to me that we have heretofore been exceptionally liberal in extending assistance to this carrier from the revolving fund.

The condition which we have heretofore insisted upon in the way of self-help from carriers is in this instance almost totally abandoned. To other Class I carriers we have made loans, insisting ordinarily that the applicant furnish 50 per cent of the cost of new locomotives and from 60 to 75 per cent of the cost of freight-car equipment. Here it is proposed to make a loan of \$4,400,000 where the cash to be advanced by the applicant (not counting the cash to be advanced for building two steamers) is less than \$200,000. I see no reason why such an extreme exception should at this time be made in favor of this applicant or for the benefit of this railway company.

The majority report, while admitting that the loan in respect of new equipment is equivalent to 100 per cent of its total estimated cost, declares that "considering the program as a whole, the contribution proposed to meet the loan by the United States is approximately 45 per cent." To obtain this percentage the cost of the steamers and the estimated value of the rebuilt cars, less the cost of rebuilding them, have been treated as contributions. The cost of the steamers can not properly be so regarded, because no loan can be made under section 210 to provide marine equipment, and therefore the steamers are not properly to be considered as entering into the

equipment program in furtherance of which the loan in question is to be made. The assertion in the majority report that there will be a "contribution of approximately two-thirds of the value of the rebuilt equipment proposed to be acquired" is, it seems to me, inaccurate if not misleading. The railway company now owns certain bad-order cars which are to be repaired and restored to service. It is true that there is to be in the first instance a sale of these cars by the railway company; but, after they have been repaired, they will be resold to it. We should look to the substance rather than to the form. There is to be no real acquisition of additional rebuilt cars, but only a legal divesting and a subsequent reacquisition of title to the same cars. The bad-order cars will, of course, be furnished to the contractor for the repairs, but there will be no contribution of value separate and distinct from this delivery of the cars themselves. Heretofore, in connection with loans under section 210, we have ordinarily applied the term "contribution" only to cash furnished by applicants. It may be that it should not be confined to cash contributions, but the term certainly should not be stretched to cover a mere delivery of cars for repairs. The cash contribution by the present applicant will be less than \$200,000, as above stated, or about 4.1 per cent of the total actual expenditure for new railroad equipment and for repairing the bad-order cars.

If the transfers referred to be deemed substantial, not simply formal, the proposed conditional sale of the repaired cars by the applicant to the railway company would seem to be within section 10 of the Clayton Antitrust Act unless new officers other than those in office when the application was made to us are inducted into these positions before the applicant sells the repaired cars to the railway.

One reason for the various transfers involved in this complicated adjustment is to be found in the necessity for freeing these cars from certain mortgage liens, if full title thereto is to be held in trust as part security for the loan.

The bad-order cars may be divided into two classes. Those of one class are subject to the liens of the railway company's first mortgage and two junior mortgages, all of which contain after-acquired property clauses. It is proposed that such cars shall be released by the mortgage trustees, sold by the railway company to the Chickasaw Shipbuilding & Car Company, repaired by that company and transferred by it through an equipment trust, on the conditional-sale basis, to the applicant, and by the applicant to the railway company, subject to the trust. It is further proposed that certain demand notes shall be executed by the applicant, delivered by it to the equipment

trustee, delivered by such trustee to the Chickasaw Company as an advance payment upon the cars, indorsed without recourse by that company and delivered by it to the railway company in payment for the cars, then deposited by the railway company with the trustee under the first mortgage to procure the release of the cars from the mortgage liens, returned by such mortgage trustee to the railway company when the cars are restored to it and the liens of the mortgages reattach, and surrendered by the railway company to the applicant in payment for its interest in the cars. The bad-order cars of the other class are subject only to the lien of the first and consolidated mortgage, the most recent of the railway company's mortgages. It is proposed that similar transactions shall take place with reference to these cars, except that the demand notes will be replaced by equipment notes, second series, to be issued under the trust agreement, and that these equipment notes will be retained by the trustee under the first and consolidated mortgage to preserve the first lien of that mortgage upon such cars as against the after-acquired property clauses of the three earlier mortgages.

The same cars which the railway company is to deliver to the Chickasaw Company will be returned, when repaired, to the railway company. The demand notes will pass from hand to hand and be canceled. The sole purpose of the equipment notes, second series, is to protect the holders of bonds secured by the first and consolidated mortgage, and there will be no payment of such notes as distinguished from the payment of those bonds. The proceeds of the loan will be deposited with the equipment trustee, equipment notes, first series, being issued under the trust agreement as security for the loan; and practically the only cash figuring in the transactions above outlined will be paid from such deposit to the Chickasaw Company for repairing the cars. The actual effect of the transactions will be the same as though the railway company itself contracted with the Chickasaw Company for the repairs—except that the mortgage bondholders, instead of having senior liens on the bad-order cars, will have liens on those cars, as repaired, subject to the equipment trust.

Inspectors to be appointed by us for the purpose will appraise the cars both before and after the repairs are made. The first appraisal will establish the price at which the cars are to be sold by the railway company to the Chickasaw Company. It is believed that this will be about \$600 per car. Whatever the figure, it is to be used in making the entries in the railway company's books necessary to retire the cars. Such retirement will involve a charge to operating expenses. The second appraisal will fix the value of the repaired

cars when returned to the railway company. This value, which is expected to be about \$943.33 per car, will be charged by the railway company to investment in equipment. This may be proper accounting under the rules which we have prescribed. But it might well happen that, although the railway company agree to accept our appraisals as final, differences of opinion between it and the commission would arise as to the proper figures to be established. At all events, there will be imposed upon us a task of appraisal which in connection with loans we have never heretofore undertaken. I point this out as only one of the difficulties attending this involved plan of indirectly making a loan for the benefit of a carrier to which the loan could not be made directly.

Another objection may be mentioned in this connection. If there were no formal transfers and retransfers, and the railway company were itself to contract with the Chickasaw Company for the repairs, the entire cost of the repairs, \$343.33 per car, would be chargeable to operating expenses. Under the plan which is to be followed, it appears that the charge to operating expenses at the time of retiring the cars may not exceed \$100 per car.

It is proposed that the applicant shall have a paid-up cash capital of \$1,500,000. My understanding is that it is to be financed by cash paid by the United States Railroad Administration to the packet company for the loss of one of its vessels during Federal control, and also by the use of certain moneys obtained by the railway company through the sale of locomotives to the Baltimore & Ohio Railroad Company. The proceeds of that sale are held by the trustee under the railway company's first and consolidated mortgage, which was a lien on the locomotives. The applicant has contracted for the building of the two steamers, the first of which is to be delivered next October. Whether difficulty will arise in connection with the proposed use of the fund held by the mortgage trustee so as to preclude our securing a first claim on the steamers or on the repaired cars I am not certain. But the circuitous character of the financing involved inclines me to doubt the wisdom of the plan, apart from the objections which go directly to the validity and merits of the loan itself.

Certificate No. 133 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission certifies to the Secretary of the Treasury its findings:

71 I. C. C.

1. The making of a loan of \$4,400,000 by the United States, in four parts as hereinafter set forth, to the Seaboard-Bay Line Company, a corporation organized and existing under and by virtue of the laws of the State of Maryland and hereinafter referred to as the applicant, an organization approved for the purpose as most appropriate in the public interest, to enable the Seaboard Air Line Railway Company, a carrier by railroad subject to the interstate commerce act hereinafter referred to as the carrier, to provide itself with equipment, is necessary to enable the carrier properly to meet the transportation needs of the public.

2. That the prospective earning power of the applicant and the carrier and the character and value of the security offered are such as to furnish reasonable assurance of the repayment of the loan within the time fixed therefor and the meeting of the other obligations in connection with such loan.

3. That the amount of the loan which is to be made is \$4,400,000.

4. That the loan shall be repaid in full on or before February 15, 1937.

5. That the terms and conditions of the loan, including the security to be given for repayment, are:

(a) The loan may be made in four equal parts on April 20, May 1, June 1, and July 1, 1922, and may be repaid in 1 installment of \$161,000, on August 15, 1923, and in 27 equal semiannual installments of \$157,000 on February 15 and August 15 of each of the years 1924 to 1936, inclusive, and on February 15, 1937.

(b) Each part of the loan shall be secured when and as made, by the pledge of a proportionate amount as nearly as may be, of \$4,589,000, principal amount, of the applicant's equipment-trust notes issued under an equipment-trust agreement, dated March 1, 1922, executed and delivered by the applicant to the Continental Trust Company of Baltimore, Md., as trustee. Said notes are in the denominations and are numbered as follows:

	Denomination.	Amount.
29 notes, A-1 to A-29-----	\$100, 000	\$2, 900, 000
29 notes, B-1 to B-29-----	50, 000	1, 450, 000
36 notes, E-1 to E-36-----	5, 000	180, 000
59 notes, M-1 to M-59-----	1, 000	59, 000
153 notes, total-----		4, 589, 000

(c) The entire loan shall be further secured, as and when the first part thereof is made, by the pledge of \$1,285,000, principal amount, of applicant's first-mortgage demand notes, issued under a trust agreement, dated March 1, 1922, executed and delivered by the applicant to the Continental Trust Company of Baltimore, Md., as

trustee. Said notes are in the denominations and are numbered as follows:

	Denomination.	Amount.
10 notes, A-1 to A-10-----	\$100, 000	\$1, 000, 000
40 notes, B-1 to B-40-----	5, 000	200, 000
85 notes, E-1 to E-85-----	1, 000	85, 000
135 notes, total-----		1, 285, 000

(d) Each installment of the loan shall be further secured by the unrestricted guaranties and indorsements of the carrier and of the Baltimore Steam Packet Company, a corporation organized and existing under and by virtue of the laws of the State of Maryland. Said guaranties and indorsements may be substantially in the following form, to wit:

For value received, ----- Company, a corporation duly organized and existing under and by virtue of the laws of the State of ----- hereby indorses and unconditionally guarantees to the holder hereof payment of the within (or foregoing) note in the full principal amount of \$----- with interest, as and when the same shall become due and payable, whether at maturity, or by declaration or otherwise, hereby waiving protest and notice of dishonor, and agreeing to continue and remain bound for the payment of said obligation and all interest and charges thereon, notwithstanding any extension of time or other indulgence granted by the holder hereof, hereby waiving all notice of such extension of time and/or other indulgence, and any and all right of subrogation in any stock, bonds, notes, or other securities pledged or held as collateral security for the payment of said note and/or interest thereon, unless and until said note and all interest thereon and expenses thereof are paid in full.

IN WITNESS WHEREOF, ----- Company, has caused this guaranty to be signed by its president or vice president and its corporate seal to be hereunto affixed and duly attested by its secretary this ----- day of -----, 1922.

-----COMPANY,
By -----, President.

Attest: -----, Secretary.

(e) So long as the applicant shall not be in default on any obligation evidencing the loan, it shall be entitled to receive and retain the income on any collateral then pledged as security for the loan, and the holder of the obligation or obligations shall not, while the applicant shall not be in default, collect such income, but shall remit to the applicant all of the same paid to him, and shall surrender to the applicant all coupons as they mature; but stock dividends declared upon stock then pledged shall be received and held under the same conditions as such stock.

(f) The applicant may repay all or any portion of the loan before maturity. When, and as any repayment of the loan is made, the collateral security shall be released proportionately, and the Secre-

tary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of said collateral security and/or of any additional security that may be required, upon such terms and conditions as the commission may prescribe; provided, however, that the securities identified and described in paragraph 5(c) hereof shall not be subject to proportionate release, as aforesaid.

(g) The applicant shall, on demand of the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, deposit with the Secretary of the Treasury such additional security as may be from time to time required; the security pledged, together with any that may be hereafter pledged, or may have been heretofore pledged by the carrier as security for this loan or any other obligation of said carrier to the United States under section 210 of the transportation act, 1920, as amended, whether as principal, surety, guarantor, indorser, or otherwise, shall be applicable in like manner to secure the repayment of any and all of said loans and obligations, and to secure the performance of any obligations of guaranty or other contingent or conditional liability to the United States now or hereafter incurred with respect to any obligation under said section 210, and such securities, unless released in accordance with the provision of paragraph 5(f) hereof, shall be held by the Secretary of the Treasury for said purposes until all of said loans, obligations, and liabilities of whatever sort are finally and completely released, paid, satisfied, and discharged.

(h) The applicant and the carrier have agreed in an instrument in writing, dated the 1st day of March, 1922, filed with the Interstate Commerce Commission, to the following conditions: (1) The Interstate Commerce Commission may at any time examine the accounts and records of the applicant and may require the applicant to file with the commission annual or special reports; (2) the applicant shall procure otherwise than from the proceeds of the loan, and apply to the purposes of the loan, the approximate sum of \$200,000, in cash, in addition to an investment of not less than \$1,285,000 in the acquisition of two freight-and-passenger steamers according to the specifications and for the purpose set forth in its application, and shall pay the cost of the rebuilt cars in excess of \$1,030,000; (3) the carrier shall employ and pay out of its treasury such inspectors, other than its own inspectors, as the commission may from time to time direct, for the purpose of appraising the value of the 3,000 freight-train cars proposed to be retired. This appraisal shall be upon such bases as are prescribed by the commission and shall be subject to the com-

mission's approval; and the value at which such equipment shall be retired shall be determined upon such bases as are approved by the commission. The inspectors so to be employed shall work under the direction of and report to the commission; (4) the applicant shall employ and pay out of its treasury such inspectors, other than its own inspectors, as the commission may from time to time direct for the purpose of appraising the value of the 3,000 rebuilt freight-train cars proposed to be purchased by it and in respect of which the loan in part is made. The appraisal shall be upon such bases as are prescribed by the commission, and shall be subject to the commission's approval; and the appraised value thus established shall be treated, dealt with, and given such effect in any equipment-trust agreement, agreement, lease, or other transaction between the trustee of any such equipment trust covering said rebuilt equipment, the applicant and/or the carrier as may be directed or approved by the commission; provided that such appraised value shall not exceed the retirement value required by subdivision 3, *supra*, plus the contract price of rehabilitation. The inspectors so to be employed shall work under the direction of and report to the commission; (5) when any amount that may be due the carrier on account of undermaintenance of freight-train cars during Federal control of the carrier's railroad and system of transportation shall be finally determined, either upon final settlement or agreement between the carrier and the President or his agent, or otherwise, as may be authorized by law, the carrier shall forthwith report the same to the commission and the whole or any part of such amount as determined by the commission shall be payable direct by the Director General of Railroads in repayment of or upon the loan; and the carrier shall execute such instruments and take such steps as may be necessary to this end; and (6) detailed reports of expenditures from the loan shall be made to the Interstate Commerce Commission on the first day of each month until the entire proceeds of the loan shall have been expended. In event the commission shall certify to the Secretary of the Treasury that the applicant or the carrier have failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant and the carrier, together with the character and value of the security offered, furnish, in the opinion of the commission, reasonable assurance of repayment of the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant and the carrier, in the opinion of the commission, are severally unable to provide themselves with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 17th day of April, 1922.

Amended Certificate No. 133 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby amends its certificate No. 133, dated April 17, 1922, approving the making of a loan of \$4,400,000, by the United States to the Seaboard-Bay Line Company, by changing paragraph 5(b) of said certificate to read as follows:

(b) Each part of the loan shall be secured when and as made, by the pledge of a proportionate amount, as nearly as may be, of \$4,589,000, principal amount, of the applicant's equipment-trust notes issued under an equipment-trust agreement, dated March 1, 1922, executed and delivered by the applicant to the Continental Trust Company of Baltimore, Md., as trustee. Said notes are in denominations and are numbered as follows:

	Denomination.	Amount.
28 notes, A-1 to A-28-----	\$100,000	\$2,800,000
29 notes, B-1 to B-29-----	50,000	1,450,000
36 notes, E-1 to E-36-----	5,000	180,000
159 notes, M-1 to M-159-----	1,000	159,000
252 notes, total -----		4,589,000

Done at Washington, D. C., this 27th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 365.

IN THE MATTER OF SETTLEMENT WITH THE CHESAPEAKE STEAMSHIP COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 30, 1921. Decided April 19, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Chesapeake Steamship Company. Proceeding dismissed.

Key Compton for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chesapeake Steamship Company, hereinafter termed the company, is a corporation of the State of Maryland and operates a line of steamers between Baltimore, Md., and Norfolk and Richmond, Va. The company filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company is a carrier by water and does not operate any railroad line. Its capital stock is owned by the Atlantic Coast Line Railroad Company and the Southern Railway Company in the proportion of one-third and two-thirds, respectively. The former accepted the guaranty of section 209 but the latter did not. It is represented in behalf of the company that the owning rail lines do not exercise any actual control or direction of its operation. We find that the company is not a carrier within the meaning of paragraph (a) of section 209, and the proceeding will therefore be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 777.

IN THE MATTER OF SETTLEMENT WITH THE SAN ANTONIO & ARANSAS PASS RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 16, 1922. Decided April 19, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the San Antonio & Aransas Pass Railway Company ascertained to be \$556,354.39. An amount of \$475,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$81,354.39. Certificate issued.

J. S. Peter for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The San Antonio & Aransas Pass Railway Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the State of Texas. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph 71 I. C. C.

graph (a) of section 5 of the standard contract between the United States and carriers under Federal control. Proper adjustment has been made on account of the inclusion by the carrier of so-called war taxes in arriving at the deficit in railway operating income for the guaranty period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$556,354.39, as shown by the following statement:

Basis of claim:

Deficit in railway operating income for the guaranty period...	\$345, 135. 54
One-half amount of annual compensation under Federal control act named in contract.....	220, 555. 65
Increase in compensation under section 4 of the Federal control act.....	404. 38
Total amount claimed	<u>566, 095. 52</u>
Deduction on account of war taxes.....	241. 18
Deduction on account of unaudited items under section 212 (b) of the transportation act, 1920.....	9, 500. 00
Total deductions	<u>9, 741. 18</u>
Amount necessary to make good the guaranty.....	556, 354. 39

Certificate for a partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$475,000 has been issued by us in favor of the carrier under date of April 5, 1921.

The amount still due the carrier is, therefore, \$81,354.39, for which an appropriate certificate will be issued.

Certificate No. A-626 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the San Antonio & Aransas Pass Railway Company, a corporation of the State of Texas, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$556,354.39 is the

amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$475,000 under one certificate, as follows: April 5, 1921, certificate No. A-389, \$475,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$81,354.39.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 19th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 939.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & WESTERN INDIANA RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN MEETING MATURING INDEBTEDNESS AND IN MAKING ADDITIONS AND BETTERMENTS.

Submitted April 17, 1922. Decided April 19, 1922.

Part of application requesting loan of \$2,000,000 for additions and betterments denied. Previous report, 65 I. C. C., 113.

C. G. Austin, jr., for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago & Western Indiana Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, by application filed on May 19, 1920, and amended June 26, 1920, requested a loan from the United States under section 210 of the transportation act, 1920, as amended, to aid it in meeting its maturing indebtedness and in providing itself with additions and betterments to way and structures.

In the application, as amended and supplemented, the applicant set forth:

1. That the amount of the loan desired was \$18,000,000.
2. That the term for which the loan was desired was 15 years.
3. That the purposes of the loan and the uses to which it was to be applied were as follows: (a) To pay applicant's outstanding collateral-trust gold notes, dated September 1, 1917, due September 1, 1920, \$16,000,000; and (b) to pay the total cost of additions, improvements, and betterments aggregating \$2,000,000; a total of \$18,000,000.
4. That the security offered consisted of \$22,250,000, principal amount, of applicant's series-A 5 per cent first and refunding mortgage bonds, due 1962.

On August 14, 1920, we issued our report and certificate No. 18 to the Secretary of the Treasury, 65 I. C. C., 113, approving the making of a loan of \$8,000,000 by the United States to the applicant for the

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purpose of aiding it in meeting its collateral-trust gold notes, maturing September 1, 1920.

On August 12, 1920, the applicant, by its general counsel, C. G. Austin, jr., requested that consideration of that part of the loan in respect of additions and betterments be deferred.

On October 27, 1921, we requested the applicant to file further information in respect of that portion of the loan, because the existing application did not contain the latest information required. We further requested the applicant, in the event that it was not its purpose to pursue its application, to file with us a formal withdrawal thereof. The application has been neither supplemented nor amended in this regard.

Therefore, that part of the application in respect of additions and betterments will be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the part of said application requesting a loan of \$2,000,000 for additions and betterments be, and it is hereby, denied.

71 L. C. C.

FINANCE DOCKET No. 2279.

IN THE MATTER OF THE APPLICATION OF THE TOLEDO TERMINAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS.

Submitted April 7, 1922. Decided April 19, 1922.

Authority granted to procure authentication and delivery to the applicant's treasurer of not to exceed \$400,000 of first-mortgage gold bonds.

Marshall & Fraser for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Toledo Terminal Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue and place in its treasury not exceeding \$400,000 of first-mortgage gold bonds, in respect of expenditures for additions and betterments heretofore made and to be made in the years 1922 and 1923. No objection to the granting of the authority requested has been presented to us.

The first mortgage, dated November 1, 1907, made by the applicant to the Columbia Trust Company (of New York), trustee, authorizes the issue of not exceeding \$6,000,000 of bonds, to bear interest at the rate of 4½ per cent per annum, and to mature on November 1, 1957. Section 2 of article 1 provides that \$4,000,000 of said bonds shall be executed and delivered to the applicant as soon as may be after execution of the mortgage and that the remaining \$2,000,000 be reserved for use by the applicant for extensions, acquisitions, and other proper corporate purposes. There have heretofore been issued under this mortgage \$4,600,000 of bonds, of which \$4,386,000 are outstanding in the hands of the public and \$214,000 are held by the applicant in its treasury.

The applicant shows that from January 1, 1919, to January 1, 1922, it expended \$328,469.51 for additions and betterments, no part of which has heretofore been capitalized. It is therefore entitled under the mortgage to draw down \$328,000 of bonds in respect of such expenditures. The applicant also states that it proposes to expend for additions and betterments during the years 1922 and 1923 a further amount of \$254,133.63 and seeks authority at this time to draw down bonds to the amount of \$72,000 against these future expenditures. Detailed certificates of such expenditures heretofore made, and of future expenditures proposed to be made, have been filed with us.

The \$400,000 of bonds which the applicant proposes to now have authenticated and delivered in respect of the above expenditures, both past and prospective, together with the \$214,000 of bonds now held in its treasury, will be subsequently sold or otherwise disposed of and the proceeds used to reimburse the applicant's treasury for the expenditures for additions and betterments already made and to provide part of the funds necessary to make the proposed additions and betterments during the years 1922 and 1923. However, authority to sell or otherwise dispose of the bonds is not sought in this proceeding.

We find that the proposed procurement of authentication and delivery of first-mortgage gold bonds, by the applicant, as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Toledo Terminal Railroad Company be, and it is hereby, authorized to procure the authentication and delivery to its treasurer, by the trustee, of not exceeding \$400,000, principal amount, of its first-mortgage gold bonds under and pursuant to, and to be secured by, the first mortgage, dated November 1, 1907, made by said railroad company to the Columbia Trust Company (of New York), trustee, described in said report.

It is further ordered, That said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant, within 10 days thereafter, shall report to this commission all pertinent facts relating to the authentication and delivery of the said bonds to its treasurer, said report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

FINANCE DOCKET No. 136.

IN THE MATTER OF SETTLEMENT WITH THE ELWOOD,
ANDERSON & LAPELLE RAILROAD COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided April 20, 1922.

1. The Elwood, Anderson & Lapelle Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Elwood, Anderson & Lapelle Railroad Company, under the provisions of section 204, is ascertained to be \$15,693.35, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

H. B. Wheeler for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Elwood, Anderson & Lapelle Railroad Company, a corporation of the State of Indiana, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating as a switching road at Elwood, Ind., its line connecting at Elwood, Ind., with the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad and the Lake Erie & Western Railroad, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 22, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 23, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$20,151.85. Our examination of the accounts for the period from June 23, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$16,232.16

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before making the adjustments under the provisions of subdivision (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and, applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$538.81 of the maintenance expenditures during the period in question.

We, therefore, find a net credit of \$15,693.35 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States for the period June 23, 1918, to February 29, 1920, both dates inclusive, under the provisions of said section 204.

An appropriate certificate will be issued.

Certificate No. B-93 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Elwood, Anderson & Lapelle Railroad Company, hereinafter termed the carrier, is a corporation of the State of Indiana, and is a carrier as defined under section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$15,693.35.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 20th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 571.

IN THE MATTER OF SETTLEMENT WITH THE LAKE
ERIE & WESTERN RAILROAD COMPANY UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 21, 1921. Decided April 20, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Lake Erie & Western Railroad Company ascertained to be \$500,918.65. An amount of \$360,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$140,918.65. Certificate issued.

A. H. Harris for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lake Erie & Western Railroad Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the States of Ohio, Indiana, and Illinois. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and

maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$500,918.65, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$60,342.49
One-half amount of annual compensation under Federal control act named in contract.....	807,893.63
Increase in compensation under section 4 of the Federal control act	50,986.76
	<hr/>
Total amount claimed.....	798,537.90
	<hr/> <hr/>

Adjustments:

Amount claimed under section 4 of the Federal control act.....	\$50,986.76
Allowance under section 4 of the Federal control act.....	43,020.24
Deduction under section 4.....	7,966.52
Amount claimed for maintenance of way and structures and for maintenance of equipment	\$2,616,394.39
Amount allowed for maintenance of way and structures and for maintenance of equipment..	2,342,741.66
Deduction for maintenance.....	273,652.73
Deduction on account of estimated items agreed to by the carrier under section 212 (b) of the transportation act, 1920..	16,000.00
	<hr/>
Total deductions	297,619.25
	<hr/> <hr/>

Amount necessary to make good the guaranty..... 500,918.65

A certificate for a partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$360,000, has been issued by us in favor of the carrier under date of June 14, 1921.

The amount still due the carrier is, therefore, \$140,918.65, for which an appropriate certificate will be issued.

Certificate No. A-627 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Lake Erie & Western Railroad Company, a corporation of the States of Ohio, Indiana, and Illinois, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 13, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$500,918.65 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$360,000 under one certificate, as follows: June 14, 1921, certificate No. A-516, \$360,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$140,918.65.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 20th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 542.

IN THE MATTER OF SETTLEMENT WITH THE JACKSONVILLE TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 15, 1922. Decided April 21, 1922.

Held, that the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Jacksonville Terminal Company. Proceeding dismissed.

J. R. Kenly for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Jacksonville Terminal Company, hereinafter termed the company, is a corporation of the State of Florida, which operates a passenger terminal at Jacksonville, Fla., for the benefit of its proprietary tenant lines. The company filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided by section 1 of the Federal control act.

The property in question is operated for the benefit of its proprietary tenant lines, namely, the Atlantic Coast Line Railroad Company, Seaboard Air Line Railway Company, Florida East Coast Railway Company, and Southern Railway Company, and all the operating expenses, revenues, and fixed charges were billed to the tenant companies and included in their accounts during the test and guaranty periods. The terminal property was included in the contract of the tenant lines and they were therefore compensated for the use of the property during the period of Federal control.

The provisions of section 209 of the transportation act, 1920, will have been applied to such portion of the results of operations of the company's property during the guaranty period as is borne by

the tenant lines which accepted the guaranty, through the inclusion thereof in the accounts of such tenant lines during the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 1989.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI, INDIANAPOLIS & WESTERN RAILROAD COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF FIRST-MORTGAGE BONDS.

Submitted April 12, 1922. Decided April 21, 1922.

Authority granted to pledge and repledge, from time to time until otherwise ordered, all or any part of \$400,000 of first-mortgage 5 per cent gold bonds as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Previous report, 71 I. C. C., 377.

Cadwalader, Wickersham & Taft for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cincinnati, Indianapolis & Western Railroad Company, a common carrier by railroad engaged in interstate commerce, by supplemental application filed in this proceeding on April 11, 1922, has duly applied for authority under section 20a of the interstate commerce act to pledge not exceeding \$400,000 of its first-mortgage 5 per cent gold bonds as collateral security for certain bank loans aggregating not more than \$200,000, bearing interest at the rate of 6 per cent per annum, and extending over periods not exceeding two years from their respective dates.

By our order herein, dated April 1, 1922, 71 I. C. C., 377, we authorized the applicant to procure authentication and delivery by the corporate trustee to its treasurer of \$1,129,000 of its first-mortgage 5 per cent gold bonds in respect of expenditures for the construction and acquisition of additional track, extensions, terminal properties, facilities, and other property, rolling stock, and equipment, including principal payments on account of or in connection with any equipment trust or lease of the applicant, and for improvements, additions, and betterments. That order requires that the bonds be held in the applicant's treasury until further disposition of them is authorized by us.

The bonds proposed to be pledged are a part of those above mentioned, and are dated November 1, 1915, payable on November 1, 1965, and are secured by the mortgage dated November 1, 1915, made by the applicant to the Equitable Trust Company of New York and
71 I. C. C.

FINANCE DOCKET No. 136.

IN THE MATTER OF SETTLEMENT WITH THE ELWOOD,
ANDERSON & LAPELLE RAILROAD COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided April 20, 1922.

1. The Elwood, Anderson & Lapelle Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Elwood, Anderson & Lapelle Railroad Company, under the provisions of section 204, is ascertained to be \$15,693.35, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

H. B. Wheeler for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Elwood, Anderson & Lapelle Railroad Company, a corporation of the State of Indiana, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating as a switching road at Elwood, Ind., its line connecting at Elwood, Ind., with the Pittsburgh, Cincinnati, Chicago & St. Louis Railroad and the Lake Erie & Western Railroad, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 22, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 23, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$20,151.85. Our examination of the accounts for the period from June 23, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$16,232.16

71 I. C. C.

before making the adjustments under the provisions of subdivision (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and, applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$538.81 of the maintenance expenditures during the period in question.

We, therefore, find a net credit of \$15,693.35 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States for the period June 23, 1918, to February 29, 1920, both dates inclusive, under the provisions of said section 204.

An appropriate certificate will be issued.

Certificate No. B-93 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Elwood, Anderson & Lapelle Railroad Company, hereinafter termed the carrier, is a corporation of the State of Indiana, and is a carrier as defined under section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$15,693.35.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 20th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 571.

IN THE MATTER OF SETTLEMENT WITH THE LAKE
ERIE & WESTERN RAILROAD COMPANY UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 21, 1921. Decided April 20, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Lake Erie & Western Railroad Company ascertained to be \$500,918.65. An amount of \$360,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$140,918.65. Certificate issued.

A. H. Harris for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Lake Erie & Western Railroad Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the States of Ohio, Indiana, and Illinois. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and

maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$500,918.65, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$60,342.49
One-half amount of annual compensation under Federal control act named in contract.....	807,893.63
Increase in compensation under section 4 of the Federal control act	50,986.76
	<hr/>
Total amount claimed.....	798,537.90
	<hr/> <hr/>

Adjustments:

Amount claimed under section 4 of the Federal control act.....	\$50,986.76
Allowance under section 4 of the Federal control act.....	43,020.24
Deduction under section 4.....	7,966.52
Amount claimed for maintenance of way and structures and for maintenance of equipment	\$2,616,394.39
Amount allowed for maintenance of way and structures and for maintenance of equipment..	2,342,741.66
Deduction for maintenance.....	273,652.73
Deduction on account of estimated items agreed to by the carrier under section 212 (b) of the transportation act, 1920..	16,000.00
	<hr/>
Total deductions	297,619.25
	<hr/> <hr/>

Amount necessary to make good the guaranty..... 500,918.65

A certificate for a partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$360,000, has been issued by us in favor of the carrier under date of June 14, 1921.

The amount still due the carrier is, therefore, \$140,918.65, for which an appropriate certificate will be issued.

Certificate No. A-627 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Lake Erie & Western Railroad Company, a corporation of the States of Ohio, Indiana, and Illinois, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 13, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$500,918.65 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$360,000 under one certificate, as follows: June 14, 1921, certificate No. A-516, \$360,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$140,918.65.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 20th day of April, 1922.

71 I. C. C.

FINANCE DOCKET No. 542.

IN THE MATTER OF SETTLEMENT WITH THE JACKSONVILLE TERMINAL COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 15, 1922. Decided April 21, 1922.

Held, that the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Jacksonville Terminal Company. Proceeding dismissed.

J. R. Kenly for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Jacksonville Terminal Company, hereinafter termed the company, is a corporation of the State of Florida, which operates a passenger terminal at Jacksonville, Fla., for the benefit of its proprietary tenant lines. The company filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided by section 1 of the Federal control act.

The property in question is operated for the benefit of its proprietary tenant lines, namely, the Atlantic Coast Line Railroad Company, Seaboard Air Line Railway Company, Florida East Coast Railway Company, and Southern Railway Company, and all the operating expenses, revenues, and fixed charges were billed to the tenant companies and included in their accounts during the test and guaranty periods. The terminal property was included in the contract of the tenant lines and they were therefore compensated for the use of the property during the period of Federal control.

The provisions of section 209 of the transportation act, 1920, will have been applied to such portion of the results of operations of the company's property during the guaranty period as is borne by

the tenant lines which accepted the guaranty, through the inclusion thereof in the accounts of such tenant lines during the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 1989.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI, INDIANAPOLIS & WESTERN RAILROAD COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF FIRST-MORTGAGE BONDS.

Submitted April 12, 1922. Decided April 21, 1922.

Authority granted to pledge and repledge, from time to time until otherwise ordered, all or any part of \$400,000 of first-mortgage 5 per cent gold bonds as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Previous report, 71 I. C. C., 377.

Cadwalader, Wickersham & Taft for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cincinnati, Indianapolis & Western Railroad Company, a common carrier by railroad engaged in interstate commerce, by supplemental application filed in this proceeding on April 11, 1922, has duly applied for authority under section 20a of the interstate commerce act to pledge not exceeding \$400,000 of its first-mortgage 5 per cent gold bonds as collateral security for certain bank loans aggregating not more than \$200,000, bearing interest at the rate of 6 per cent per annum, and extending over periods not exceeding two years from their respective dates.

By our order herein, dated April 1, 1922, 71 I. C. C., 377, we authorized the applicant to procure authentication and delivery by the corporate trustee to its treasurer of \$1,129,000 of its first-mortgage 5 per cent gold bonds in respect of expenditures for the construction and acquisition of additional track, extensions, terminal properties, facilities, and other property, rolling stock, and equipment, including principal payments on account of or in connection with any equipment trust or lease of the applicant, and for improvements, additions, and betterments. That order requires that the bonds be held in the applicant's treasury until further disposition of them is authorized by us.

The bonds proposed to be pledged are a part of those above mentioned, and are dated November 1, 1915, payable on November 1, 1965, and are secured by the mortgage dated November 1, 1915, made by the applicant to the Equitable Trust Company of New York and 71 I. C. C.

Frederick E. Mowle. It is proposed to pledge the bonds in the ratio of \$2,000 of bonds for each \$1,000 of loans. Our order will provide that such pledge or pledges be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of the pledge for each \$100 of notes.

We find that the proposed issue of not exceeding \$400,000 of its first-mortgage 5 per cent gold bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cincinnati, Indianapolis & Western Railroad Company be, and it is hereby, authorized to pledge and repledge, from time to time, until otherwise ordered, all or any part of not exceeding \$400,000, principal amount, of its first-mortgage 5 per cent gold bonds (authority for the authentication of which was granted in the order of this commission herein dated April 1, 1922), as collateral security for any note or notes which may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission therefor having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That, within 10 days after the pledge or repledge of any of said bonds as herein authorized, the applicant shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall report to this commission all pertinent facts relating thereto.

And it is further ordered, That, except as herein modified, said order of April 1, 1922, shall remain in full force and effect.

FINANCE DOCKET No. 2217.¹

IN THE MATTER OF THE APPLICATION OF THE SEABOARD AIR LINE RAILWAY COMPANY AND OF THE BALTIMORE STEAM PACKET COMPANY FOR AUTHORITY TO ASSUME LIABILITIES IN RESPECT OF SECURITIES OF THE SEABOARD-BAY LINE COMPANY.

Submitted April 4, 1922. Decided April 21, 1922.

1. Authority granted the Seaboard Air Line Railway Company (a) to assume obligations and liabilities in respect of equipment notes to be issued by the Seaboard-Bay Line Company; and (b) to guarantee by indorsement obligations of the Seaboard-Bay Line Company to the United States in the amount of \$4,400,000.
2. The Baltimore Steam Packet Company not being a carrier within the meaning of section 20a of the interstate commerce act, its application for authority to assume obligations and liabilities is dismissed for want of jurisdiction.

Forney Johnston for Seaboard Air Line Railway Company.

Watson E. Sherwood for Baltimore Steam Packet Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Seaboard Air Line Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligations and liabilities in respect of certain equipment notes, and to indorse certain promissory notes to be issued by the Seaboard-Bay Line Company. The Baltimore Steam Packet Company, a common carrier by water, has also applied for authority to assume obligations and liabilities in respect of certain first-mortgage demand notes to be issued by the Seaboard-Bay Line Company, and also to indorse the promissory notes included in the application of the Seaboard Air Line Railway Company. No objection to the granting of the authority requested has been presented to us.

The Baltimore Steam Packet Company, the entire capital stock of which is owned by the Seaboard Air Line Railway Company, operates a line of steamers between Baltimore, Md., and Old Point Comfort and Norfolk, Va.

¹ This report also embraces Finance Docket No. 2218.

These companies have organized the Seaboard-Bay Line Company under the laws of the State of Maryland, for the purpose of providing the system and the subsidiaries of the Seaboard Air Line Railway Company with necessary equipment. The capital stock of the Seaboard-Bay Line Company is \$1,500,000, which has been subscribed and paid for by the organizers.

By our certificate No. 133, in *Loan to Seaboard-Bay Line*, 71 I. C. C., 464, we certified a loan of \$4,400,000 to the Seaboard-Bay Line Company under section 210 of the transportation act, 1920, as amended, to be used in acquiring the equipment hereinafter mentioned. The Seaboard-Bay Line Company will execute and deliver its promissory notes to the Secretary of the Treasury in evidence of the loan from the United States, which notes are to be unconditionally indorsed and guaranteed by the Seaboard Air Line Railway Company and by the Baltimore Steam Packet Company in respect of the payment of the principal and the interest.

With part of the funds derived from the sale of its capital stock, the Seaboard-Bay Line Company has arranged to procure two steamers, described in the application, at a total cost of \$1,285,000. It proposes to execute a trust indenture to the Continental Trust Company, of Baltimore, Md., to secure first-mortgage demand notes in a principal amount equal to the cost of the steamers. These notes will be issued by the Seaboard-Bay Line Company and pledged by it with the Secretary of the Treasury as part security for the loan from the United States.

The Baltimore Steam Packet Company proposes to acquire all of the right, title, and interest of the Seaboard-Bay Line Company in and to the two steamers before mentioned, and in and under the trust indenture, by entering into an instrument of transfer with the Continental Trust Company, of Baltimore, Md., and the Seaboard-Bay Line Company, under which it will assume obligation and liability in respect of the payment of the principal and interest of the first-mortgage demand notes and all sums required by said indenture to be paid by the Seaboard-Bay Line Company. A copy of the proposed instrument of transfer is filed with the application. It also proposes to indorse on the notes to be issued by the Seaboard-Bay Line Company to the Secretary of the Treasury its unconditional guaranty of the payment of the principal and interest. As the Baltimore Steam Packet Company is a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the interstate commerce act, we are of opinion that we are without jurisdiction over the proposed assumption of obligations and liabilities by the Baltimore Steam

Packet Company. Its application, recorded in Finance Docket No. 2218, will therefore be dismissed.

The Seaboard-Bay Line Company has contracted to procure the following railroad equipment:

Equipment.	Cost.
.....	\$580,800.00
.....	418,500.00
steel-and ventilated box cars, \$1,554.79 each.....	1,945,487.50
flat cars, \$1,066.63 each.....	225,682.00
cars, \$1,453.58 each.....	290,718.00
5 ventilated box cars.....	13,430,000.00
size box cars.....	
Total.....	6,980,392.50

¹ Subject to adjustment on appraisal as provided in contract to rebuild.

The Seaboard-Bay Line Company will transfer and assign its rights under the contracts for the construction and rebuilding of the foregoing equipment to the Continental Trust Company, of Baltimore, Md., and the builders will, when and as equipment is constructed and rebuilt, deliver it to the trust company, and the title thereto will be vested in it.

The Seaboard-Bay Line Company will enter into an equipment-trust agreement under date of March 1, 1922, with the Continental Trust Company, of Baltimore, Md., whereby the trust company will sell, and the Seaboard-Bay Line Company will purchase, the equipment under a conditional sale, the purchaser agreeing to pay therefor as follows: (a) Any amount or amounts in cash, to and upon demand by the trustee, in excess of the estimated cost of the new equipment, which may be necessary to be paid by the trustee in its acquisition; (b) any amount (in excess of the principal sum of \$1,030,000, which is to be provided for through the issue of equipment notes, first series) in cash or in notes of the Seaboard-Bay Line Company, to be paid or delivered to the trustee at such time and in such form to be determined by the trustee, as may be necessary to enable the trustee to comply with the contract for the acquisition of the rebuilt equipment; (c) \$4,589,000 to be paid to the holders of the equipment notes, first series, according to the tenor and terms of said notes in the following installments: On or before August 15, 1923, the sum of \$161,000; on or before February 15 and August 15 of each and every year from 1924 to 1936, inclusive, the sum of \$157,000; and on or before February 15, 1937, the sum of \$346,000; (d) to the holders of the equipment notes, second series, the principal amount thereof as determined by the trustee as being

necessary to procure the release of the rebuilt equipment from the lien of any mortgage or trust indenture covering the same.

Until the payments provided for in the trust agreement shall have been fully made and completed, and all covenants, obligations, and agreements therein shall have been performed, the title to the said equipment shall remain in the trustee. When all of the requirements shall have been complied with, the trustee will execute a bill of sale or other instrument transferring the title to the Seaboard-Bay Line Company or to its assigns.

Pursuant to the terms of the trust agreement, the Seaboard-Bay Line Company will execute \$4,589,000 of equipment notes, first series, to be dated March 1, 1922, to mature in installments as above mentioned, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 15th day of February and of August in each year. These notes will be authenticated by the trustee and delivered to the Seaboard-Bay Line Company, or upon its order, upon deposit of an equal amount of cash with the trustee. The Seaboard-Bay Line Company proposes to pledge the equipment notes, first series, with the Secretary of the Treasury, as part security for the loan from the United States.

The trust agreement also provides for the issuing of equipment notes, second series, in an amount approximating \$2,400,000 (subject to adjustment), to be dated March 1, 1922, to mature February 15, 1937, without interest before maturity, which notes are to be inferior in lien, rights, and priority to the equipment notes, first series. The trustee under the equipment-trust agreement will certify to the Seaboard-Bay Line Company the amount of such notes necessary to be executed and delivered to it, and when received, will authenticate them and use them for the purpose of securing the release of the rebuilt equipment from the lien of any mortgage or trust indenture covering the same, by pledging such notes, second series, with the trustee or trustees of said mortgages or trust indentures as may be required.

The Seaboard Air Line Railway Company proposes to acquire all of the right, title, and interest of the Seaboard-Bay Line Company in and to the equipment, and in and under said trust agreement, by entering into an instrument of transfer with the Continental Trust Company, of Baltimore, Md., and the Seaboard-Bay Line Company, under which it will assume obligation and liability in respect of the payment of the principal and interest of the equipment notes and certain other payments required to be made thereunder. A copy of the proposed instrument of transfer is filed with the application. It also proposes to indorse on the notes to be issued by the Seaboard-Bay Line Company to the Secretary of the Treasury its uncondi-

tional guaranty of the payment of the principal and interest. Authority is requested to assume obligations and liabilities as set forth above.

We find that the proposed assumption of obligations and liabilities by the Seaboard Air Line Railway Company in the manner hereinbefore described (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.¹

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purpose of acquiring possession of, the right to use, and ultimately the title to, the equipment described in the aforesaid application and report, the Seaboard Air Line Railway Company be, and it is hereby, authorized to assume obligations and liabilities (1) in respect of not exceeding \$4,589,000, principal amount, of equipment notes, first series, and of equipment notes, second series, in an aggregate amount certified by the trustee as necessary to secure the release of the rebuilt equipment from the lien of any mortgage or trust indenture covering said equipment, all of said notes to be issued by the Seaboard-Bay Line Company under an equipment-trust agreement dated March 1, 1922, with the Continental Trust Company, of Baltimore, Md., said notes, first series, to be dated March 1, 1922, to mature in installments to February 15, 1937, inclusive, and to bear interest at the rate of 6 per cent per annum, payable semiannually on the 15th day of February and of August in each year, said notes, second series, to be dated March 1, 1922, to mature February 15, 1937, without interest prior to maturity; such assumption to be accomplished by entering into an instrument of transfer with the Continental Trust Company of Baltimore, Md., and the Seaboard-Bay Line Company, thereby agreeing to pay the principal of said notes, first series, in installments of \$161,000 on August 15, 1923, \$157,000 semiannually on February 15 and August 15 in each of the years 1924 to 1936, inclusive, and \$346,000 on February 15, 1937; and interest thereon, as aforesaid, and the principal of said notes, second series, at maturity, and certain other charges

¹ The

as provided in said trust agreement; and (2) in respect of not exceeding \$4,400,000, principal amount, of promissory notes to be issued by the Seaboard-Bay Line Company to the Secretary of the Treasury, such assumption to be accomplished by indorsement on said notes of its unconditional guaranty of the payment of the principal and interest thereon, in the form required by our certificate No. 133, in Finance Docket No. 2149.

It is further ordered, That, except as herein authorized, the said equipment notes, first and second series, shall not be sold, pledged, repledged, or otherwise used or disposed of by the Seaboard Air Line Railway Company, unless and until so ordered by this commission.

It is further ordered, That the Seaboard Air Line Railway Company shall, within 10 days after execution and delivery, file with this commission certified copies of the equipment-trust agreement and of all agreements made in connection therewith or involved in its application, in the form in which they were executed.

It is further ordered, That the Seaboard Air Line Railway Company shall, within 10 days thereafter, report to this commission (1) all pertinent facts relating to the payment of the installments in respect of said equipment notes, first series, and (2) the payment and/or satisfaction of the equipment notes, second series; each report to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said equipment notes, first and second series, or interest thereon, on the part of the United States.

And it is further ordered, That the application of the Baltimore Steam Packet Company, recorded in Finance Docket No. 2218, be, and it is hereby, dismissed.

71 I. O. O.

FINANCE DOCKET No. 508.

IN THE MATTER OF SETTLEMENT WITH THE RECEIVER
OF THE GULF, FLORIDA & ALABAMA RAILWAY COM-
PANY UNDER SECTION 209 OF THE TRANSPORTATION
ACT, 1920.

Submitted February 11, 1922. Decided April 22, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Gulf, Florida & Alabama Railway Company, John T. Steele, receiver, ascertained to be \$253,684.92. An aggregate amount of \$235,000 having been certified for payment as advances under paragraph (h), and an amount of \$12,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$6,684.92. Certificate issued.

John T. Steele for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Gulf, Florida & Alabama Railway Company (John T. Steele, receiver), hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the States of Florida and Alabama. Its line of railroad connects with the Louisville & Nashville Railroad at Pensacola, Fla., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included,

and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$253,684.92, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period.....	\$387,389.43
One-half amount of annual deficit in railway operating income for test period.....	22,310.74
Supplemental claim for cost of pier destroyed during guaranty period.....	49,490.59
Total amount claimed.....	<u>414,569.28</u>

Adjustments:

Net deficit in railway operating income for guaranty period, as claimed.....	\$387,389.43
Net deficit in railway operating income for guaranty period, as adjusted.....	378,592.27
Deduction for guaranty period.....	8,797.16
One-half of annual deficit in railway operating income for test period, claimed.....	\$22,310.74
One-half of annual deficit in railway operating income for test period, as adjusted.....	33,136.16
Deduction for test period.....	10,825.42
Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$273,567.80
Amount fixed for maintenance of way and structures and maintenance of equipment.....	181,796.61
Deduction for maintenance.....	91,771.19
Deduction of supplemental claim for cost of rebuilding pier....	49,490.59
Net deductions.....	<u>160,884.36</u>

Amount necessary to make good the guaranty..... 253,684.92

Certificates for advances under paragraph (h) and for a partial payment under paragraph (g) of section 209, as amended by sec-
71 I. C. C.

tion 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

Advance, June 7, 1920-----	\$25, 000
Advance, July 1, 1920-----	75, 000
Advance, April 12, 1920-----	75, 000
Advance, August 10, 1920-----	25, 000
Advance, December 17, 1920-----	35, 000
Partial payment, August 11, 1921-----	12, 000
Total-----	247, 000

The amount still due the carrier is, therefore, \$6,684.92, for which an appropriate certificate will be issued.

Certificate No. A-629 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Gulf, Florida & Alabama Railway Company (John T. Steele, receiver), a corporation of the State of Florida, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$253,684.92 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209 (h) an aggregate amount of \$235,000 under five certificates, as follows:

April 12, 1920, certificate No. A-6-----	\$75, 000
June 7, 1920, certificate No. A-44-----	25, 000
July 1, 1920, certificate No. A-79-----	75, 000
August 10, 1920, certificate No. A-141-----	25, 000
December 17, 1920, certificate No. A-303-----	35, 000

and as partial payments under section 209 (g), as amended by section 212, an amount of \$12,000 under one certificate, as follows: August 11, 1921, certificate No. A-584, \$12,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of advances and partial payment heretofore certified as aforesaid, is \$6,684.92.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209.

Dated this 22d day of April, 1922.

FINANCE DOCKET No. 2308.

IN THE MATTER OF THE APPLICATION OF THE DELAWARE & HUDSON COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted March 30, 1922. Decided April 22, 1922.

Authority granted (1) to issue not exceeding \$7,500,000 of 15-year 5½ per cent gold bonds, said bonds to be sold at not less than 95 per cent of par and accrued interest, and the proceeds used for specified purposes, and (2) to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form.

Walter C. Noyes for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Delaware & Hudson Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$7,500,000 of 15-year 5½ per cent gold bonds, under and pursuant to a certain trust indenture with the United States Mortgage & Trust Company, to be dated May 1, 1922, and to issue temporary printed bonds pending the preparation of the definitive bonds, for the purpose of discharging and refunding existing obligations, and reimbursing its treasury for expenditures for additions and betterments and investment in affiliated companies. No objection to the granting of the authority requested has been presented to us.

Under date of July 1, 1907, the applicant issued \$10,000,000 of first-lien equipment 4½ per cent 15-year gold bonds, secured by a certain equipment-trust indenture with the United States Mortgage & Trust Company, as trustee, dated June 1, 1907, to provide for a portion of the purchase price of 6,000 composite hopper coal cars, 1,500 steel-underframe platform cars, and 2,900 steel-underframe box cars. These bonds will mature July 1, 1922. Through the application of the sinking-fund provisions contained in said indenture, pursuant to which the applicant has annually deposited \$650,000 with the trustee, \$3,976,000 of the bonds have been retired and canceled, leaving \$6,024,000 outstanding in the hands of the public.

Two demand notes of the applicant, each in the face amount of \$1,000,000, are outstanding, one dated July 3, 1917, payable to the National Bank of Commerce in New York, and the other dated March 20, 1919, payable to Kuhn, Loeb & Company, which were issued for the purpose of obtaining funds to cover the cost of miscellaneous additions and betterments to road and equipment. The expenditures from the proceeds of the notes have not heretofore been capitalized.

The applicant also submits that it has expended the sum of \$1,278,429.40 for additions and betterments and the sum of \$200,000 for first-mortgage bonds of the Cooperstown & Susquehanna Valley Railroad Company, which is an affiliated company. As the issue of the proposed bonds will provide funds sufficient to pay the bonds which will mature July 1, 1922, and part of the demand notes, our order will authorize the use of the proceeds for such purposes only.

The applicant states that it has entered into negotiation with Kuhn, Loeb & Company, acting in behalf of themselves, and of the First National Bank of New York, for the purchase by them of the entire proposed issue at 95 per cent of par and accrued interest. On that basis, should the bonds run to maturity, the cost to the applicant would be approximately 6 per cent per annum.

We find that the proposed issue of 15-year 5½ per cent gold bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Delaware & Hudson Company be, and it is hereby, authorized to issue not exceeding \$7,500,000, principal amount, of 15-year 5½ per cent gold bonds, under and pursuant to a certain trust indenture, to be made by the applicant to the United States Mortgage & Trust Company under date of May 1, 1922; said bonds to be redeemable as provided in said trust indenture and to be in coupon and registered form interchangeably, the coupon bonds to be dated May 1, 1922, and the registered bonds without coupons to be dated as of the date of issue; all of said bonds to mature May 1,

1937, and to bear interest at the rate of 5½ per cent per annum, payable semiannually on May 1 and November 1 in each year; said bonds to be sold at not less than 95 per cent of par and accrued interest; \$6,024,000 of said bonds to be used for the purpose of retiring or refunding a like principal amount of the applicant's outstanding first-lien equipment 4½ per cent 15-year gold bonds which mature July 1, 1922; and the remainder of said bonds to be used for the purpose of discharging or refunding, *pro tanto*, two outstanding demand notes of the applicant, each in the face amount of \$1,000,000, which are dated July 3, 1917, and March 20, 1919, and are payable to the National Bank of Commerce in New York and Kuhn, Loeb & Company, respectively.

It is further ordered, That the applicant be, and it is hereby, authorized to issue temporary printed bonds pending the preparation of said definitive engraved bonds hereinbefore authorized to be issued, as provided in said trust indenture.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the issue and sale of said bonds, and the use of the proceeds thereof; said reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of, nor the proceeds thereof be used, by the applicant, unless and until so ordered by this commission.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2329.

IN THE MATTER OF THE APPLICATION OF THE COLORADO & SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted April 22, 1922. Decided April 24, 1922.

Authority granted to assume obligation and liability, as guarantor and otherwise, in respect of \$1,425,000 of 5½ per cent certificates to be issued by the First National Bank of the City of New York under an equipment-trust agreement dated May 1, 1922, creating the Colorado & Southern Railway equipment trust of 1922, said certificates to be sold at not less than 98.6104 per cent of par and accrued dividends, in connection with the procurement of 1,000 gondola coal cars and 200 refrigerator cars.

O. M. Spencer and J. H. Carroll for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Colorado & Southern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$1,425,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into such agreement and into a lease with the trustee thereunder covering the trust equipment. No objection to the granting of the application has been presented to us.

In order to enable it to render adequate and proper transportation service to the public, the applicant desires to procure 1,000 gondola coal cars and 200 refrigerator cars, at an aggregate estimated cost of \$1,915,000.

It is proposed that Robert K. Joseph, jr., termed the vendor, the First National Bank of the City of New York, termed the trustee, and the applicant enter into an agreement under date of May 1, 1922, creating the Colorado & Southern Railway equipment trust of 1922, under which the vendor, upon acquiring title to and possession of the equipment from the manufacturers, will convey and deliver the same to the trustee in trust for the equal benefit of the holders of \$1,425,000 of certificates to be issued in accordance with the terms of the agreement.

Simultaneously with the execution of this agreement, the trustee and the applicant will enter into an agreement of lease, also to be dated May 1, 1922, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee (or in the case of taxes, to the proper taxing authority) rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 75 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes advance payments in cash, as equipment is delivered to the applicant, equal to the difference between the cost to the vendor of such equipment and the principal amounts of certificates issuable in respect thereof. Title to the equipment will remain in the trustee until all rent has been paid in conformity with the terms of the lease, whereupon the title will be conveyed to the applicant.

The proposed agreement provides that the trustee may issue the equipment-trust certificates upon deposit with it or to its credit of cash equal to the principal amount thereof. The applicant states that it proposes to sell the entire issue of certificates to the First National Bank of New York and J. P. Morgan & Company at 98.6104 per cent of par. It will pay a sum equal to the discount on the certificates to the trustee.

The trustee will pay to the vendor, on delivery of equipment, approximately 75 per cent of the cost thereof out of money so deposited, and the remainder of such cost out of the advance payments by the applicant.

Each certificate will entitle the bearer, or registered owner, to an interest in the trust to the amount of \$1,000 and have attached dividend warrants evidencing the right of the holder to dividends on the principal at the rate of $5\frac{1}{2}$ per cent per annum from May 1, 1922, semiannually, to and including the designated date of maturity. Certificates aggregating \$95,000 will mature on the 1st day of May of each year from 1923 to 1937, inclusive. By the agreement, the applicant will guarantee prompt payment of certificates, principal and dividends.

We find that the proposed assumption by the applicant of obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common car-

rier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Colorado & Southern Railway Company be, and it is hereby, authorized to assume obligation and liability in respect of \$1,425,000, principal amount, of certificates of the Colorado & Southern Railway equipment trust of 1922, for the purpose of acquiring possession and use of, and ultimately title to, certain equipment described in the application and said report, each certificate entitling the bearer or registered owner thereof to an interest in said trust and to semiannual dividends thereon at the rate of 5½ per cent per annum, (1) by entering into an agreement with Robert K. Joseph, jr., as vendor, and the First National Bank of the City of New York, as trustee, which will create said trust and provide for the issue of said certificates with attached dividend warrants by said trustee, and thereby guaranteeing payment of the principal of said certificates and of the dividends thereon, when and as the same shall become due and payable; and (2) by entering into a lease of said equipment with said trustee and thereby agreeing to pay rent sufficient to satisfy the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application, and said certificates and warrants to be substantially in the respective forms set forth in said agreement; said certificates, agreement, and lease to be dated May 1, 1922; and said certificates to be in denominations and to mature and the dividends thereon to become due and payable as specified in said agreement and outlined in said report: *Provided, however*, That said certificates shall be sold or otherwise disposed of at not less than 98.6104 per cent of par, and accrued dividends: *And provided further*, That none of said certificates shall be sold, pledged, repledged, or otherwise disposed of, nor shall any of their proceeds or any cash deposited with said trustee be used, except for the purposes herein authorized.

It is further ordered. That, within 10 days after the execution and delivery of said agreement and said lease, the applicant shall file with this commission verified copies thereof in the forms in which they were executed.

It is further ordered, That, within 10 days thereafter, respectively, the applicant shall report to this commission all pertinent facts relating to the sale or other disposition of said certificates, the disposition of the proceeds thereof, the delivery of said equipment, and the payment and cancellation of any said certificates; said report to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said certificates, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2330.

IN THE MATTER OF THE APPLICATION OF THE FORT WORTH & DENVER CITY RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted April 22, 1922. Decided April 24, 1922.

Authority granted to assume obligation and liability in respect of \$750,000 of 5½ per cent certificates to be issued by the First National Bank of the City of New York, under an equipment-trust agreement dated May 1, 1922, and sold at not less than 98.6104 per cent of par and accrued dividends, in connection with the procurement of 500 box cars and 100 refrigerator cars. Terms and conditions prescribed.

Joseph H. Barwise, jr., and J. H. Carroll for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Fort Worth & Denver City Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$750,000 of certificates to be issued under a proposed equipment-trust agreement, by entering into such agreement and into a lease with the trustee thereunder covering the trust equipment. No objection to the granting of the application has been presented to us.

In order to enable it to render adequate and proper transportation service to the public, the applicant desires to purchase 500 box cars and 100 refrigerator cars, at an aggregate estimated cost of \$1,022,000. It is proposed that Robert K. Joseph, jr., as vendor, the First National Bank of the City of New York, as trustee, and the applicant, shall enter into an agreement under date of May 1, 1922, creating the Fort Worth & Denver City Railway equipment trust of 1922, under which the vendor, upon acquiring title to and possession of the equipment from the manufacturers, will convey and deliver the same to the trustee in trust for the equal benefit of the holders of \$750,000 of certificates to be issued in accordance with the terms of the agreement.

Simultaneously with the execution of this trust agreement the trustee and the applicant will enter into a lease, also to be dated May 1, 1922, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee (or in the case of taxes, to the proper taxing authority) rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 75 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes advance payments in cash as equipment is delivered to the applicant equal to the difference between the cost to the vendor of such equipment and the principal amount of certificates issuable in respect thereof. Title to the equipment will remain in the trustee until all rental has been paid, in conformity with the terms of the lease, whereupon the title will be conveyed to the applicant.

The proposed trust agreement provides that the trustee may issue the certificates upon deposit with it or to its credit of cash equal to the principal amount thereof. The applicant states that it proposes to sell the entire issue of certificates to the First National Bank of New York and J. P. Morgan & Company at 98.6104 per cent of par. It will pay to the trustee a sum equal to the discount on the certificates.

Each certificate will entitle the bearer or registered owner thereof to an interest in the trust in the amount of \$1,000 and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of 5½ per cent per annum from May 1, 1922, payable semiannually to and including the designated date of maturity. Certificates aggregating \$50,000 will mature on the 1st day of May in each year from 1923 to 1937, inclusive. By the trust agreement and the lease the applicant will agree to pay the principal of the certificates and the dividends thereof.

We find that the proposed assumption by the applicant of obligation and liability in respect of equipment-trust certificates, as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

71 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That for the purpose of acquiring possession of, right to use, and ultimately title to, the equipment described in the application and report aforesaid, the Fort Worth & Denver City Railway Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$750,000, principal amount, of certificates of the Fort Worth & Denver City Railway equipment trust of 1922, (1) by entering into an equipment-trust agreement to be dated May 1, 1922, with Robert K. Joseph, jr., as vendor, and the First National Bank of the City of New York, as trustee, creating said trust and providing for the issue of said certificates with dividend warrants attached, and thereby agreeing to pay the principal of said certificates and the dividends thereon, when and as the same shall become due and payable; and (2) by entering into a lease of said equipment with said trustee, to be dated May 1, 1922, and thereby agreeing to pay rent sufficient to satisfy the principal of said certificates, the dividends thereon, and certain other charges, said agreement and lease to be substantially in the respective forms submitted with the application, and said certificates and dividend warrants to be substantially in the respective forms set forth in said trust agreement; said certificates to entitle the bearer or registered owner thereof to a share in said trust, and to semiannual dividends thereon at the rate of 5½ per cent per annum from the date thereof until their respective maturities, to be dated May 1, 1922, to be in the denomination of \$1,000, and \$50,000, principal amount, thereof to be payable on May 1 in each year, from 1923 to 1937, inclusive; said certificates to be sold at not less than 98.6104 per cent of par and dividends accrued to the date of sale, and the entire proceeds used in the acquisition of said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That within 10 days after the execution and delivery of said equipment-trust agreement and said lease, the applicant shall file with this commission certified copies thereof in the forms in which they were respectively executed.

It is further ordered, That, within 30 days after June 30, 1922, and within 30 days after the close of each period of six months thereafter, the applicant shall report to this commission all perti-

ment facts relating to the delivery of said equipment, the issue and sale of said trust certificates, the application of the proceeds thereof, and the payment and cancellation of any such certificates; such reports to be made until all of the proceeds shall have been applied, and until all of said certificates shall have been paid and canceled, and to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said certificates, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 487.

IN THE MATTER OF SETTLEMENT WITH THE GEORGIA
NORTHERN RAILWAY COMPANY UNDER SECTION 209
OF THE TRANSPORTATION ACT, 1920.

Submitted February 27, 1922. Decided April 26, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Georgia Northern Railway Company ascertained to be \$7,132.37. An aggregate amount of \$5,500 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$1,632.37. Certificate issued.

C. B. Gwyn for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Georgia Northern Railway Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Georgia. Its line of railroad connects with the Atlantic Coast Line at Boston, Ga., with the Atlanta, Birmingham & Atlantic Railway at Moultrie, Ga., and with the Seaboard Air Line and Central of Georgia Railway at Albany, Ga., which roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 15, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained

Simultaneously with the execution of this trust agreement the trustee and the applicant will enter into a lease, also to be dated May 1, 1922, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustee (or in the case of taxes, to the proper taxing authority) rent therefor which shall be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As but substantially 75 per cent of the total estimated cost of the equipment is to be covered by the certificates, the agreed rental also includes advance payments in cash as equipment is delivered to the applicant equal to the difference between the cost to the vendor of such equipment and the principal amount of certificates issuable in respect thereof. Title to the equipment will remain in the trustee until all rental has been paid, in conformity with the terms of the lease, whereupon the title will be conveyed to the applicant.

The proposed trust agreement provides that the trustee may issue the certificates upon deposit with it or to its credit of cash equal to the principal amount thereof. The applicant states that it proposes to sell the entire issue of certificates to the First National Bank of New York and J. P. Morgan & Company at 98.6104 per cent of par. It will pay to the trustee a sum equal to the discount on the certificates.

Each certificate will entitle the bearer or registered owner thereof to an interest in the trust in the amount of \$1,000 and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of 5½ per cent per annum from May 1, 1922, payable semiannually to and including the designated date of maturity. Certificates aggregating \$50,000 will mature on the 1st day of May in each year from 1923 to 1937, inclusive. By the trust agreement and the lease the applicant will agree to pay the principal of the certificates and the dividends thereof.

We find that the proposed assumption by the applicant of obligation and liability in respect of equipment-trust certificates, as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

71 I. C. C.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That for the purpose of acquiring possession of, right to use, and ultimately title to, the equipment described in the application and report aforesaid, the Fort Worth & Denver City Railway Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$750,000, principal amount, of certificates of the Fort Worth & Denver City Railway equipment trust of 1922, (1) by entering into an equipment-trust agreement to be dated May 1, 1922, with Robert K. Joseph, jr., as vendor, and the First National Bank of the City of New York, as trustee, creating said trust and providing for the issue of said certificates with dividend warrants attached, and thereby agreeing to pay the principal of said certificates and the dividends thereon, when and as the same shall become due and payable; and (2) by entering into a lease of said equipment with said trustee, to be dated May 1, 1922, and thereby agreeing to pay rent sufficient to satisfy the principal of said certificates, the dividends thereon, and certain other charges, said agreement and lease to be substantially in the respective forms submitted with the application, and said certificates and dividend warrants to be substantially in the respective forms set forth in said trust agreement; said certificates to entitle the bearer or registered owner thereof to a share in said trust, and to semiannual dividends thereon at the rate of 5½ per cent per annum from the date thereof until their respective maturities, to be dated May 1, 1922, to be in the denomination of \$1,000, and \$50,000, principal amount, thereof to be payable on May 1 in each year, from 1923 to 1937, inclusive; said certificates to be sold at not less than 98.6104 per cent of par and dividends accrued to the date of sale, and the entire proceeds used in the acquisition of said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That within 10 days after the execution and delivery of said equipment-trust agreement and said lease, the applicant shall file with this commission certified copies thereof in the forms in which they were respectively executed.

It is further ordered, That, within 30 days after June 30, 1922, and within 30 days after the close of each period of six months thereafter, the applicant shall report to this commission all perti-

ment facts relating to the delivery of said equipment, the issue and sale of said trust certificates, the application of the proceeds thereof, and the payment and cancellation of any such certificates; such reports to be made until all of the proceeds shall have been applied, and until all of said certificates shall have been paid and canceled, and to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said certificates, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 487.

IN THE MATTER OF SETTLEMENT WITH THE GEORGIA
NORTHERN RAILWAY COMPANY UNDER SECTION 209
OF THE TRANSPORTATION ACT, 1920.

Submitted February 27, 1922. Decided April 26, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Georgia Northern Railway Company ascertained to be \$7,132.37. An aggregate amount of \$5,500 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$1,632.37. Certificate issued.

U. B. Gwyn for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Georgia Northern Railway Company, hereinafter termed the carrier, is a carrier by railroad which has heretofore engaged as a common carrier in general transportation in the State of Georgia. Its line of railroad connects with the Atlantic Coast Line at Boston, Ga., with the Atlanta, Birmingham & Atlantic Railway at Moultrie, Ga., and with the Seaboard Air Line and Central of Georgia Railway at Albany, Ga., which roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 15, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained

that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$7,132.37, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period--	\$4, 832. 97
One-half of average annual railway operating income for the test period-----	31, 353. 84
Increase in compensation under section 4, Federal control act---	509. 49
Total amount claimed-----	36, 696. 30

Adjustments:

Amount claimed under section 4 of Federal control act-----	\$509. 49
Allowance under section 4 of Federal control act----	None.
Deduction under section 4-----	509. 49
Amount claimed for maintenance of way and structures and for maintenance of equipment-----	\$95, 092. 65
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	70, 038. 21
Deduction for maintenance-----	25, 054. 44
Deduction on account of disproportionate and unreasonable items--	4, 000. 00
Total deductions-----	29, 563. 93

Amount necessary to make good the guaranty----- 7, 132. 37

Certificates for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

April 12, 1921-----	\$4, 000
August 5, 1921-----	1, 500

The amount still due the carrier is, therefore, \$1,632.37, for which an appropriate certificate will be issued.

Certificate No. A-630 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Georgia Northern Railway Company, a corporation of the State of Georgia, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the com-

mission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$7,132.37 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as partial payments under paragraph (g) of said section, as amended by section 212 of said act, an aggregate amount of \$5,500 under two certificates, as follows:

April 12, 1921, certificate No. A-407_____	\$4, 000
August 5, 1921, certificate No. A-575_____	1, 500

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payments heretofore certified as aforesaid, is \$1,632.37.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 26th day of April, 1922.

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FINANCE DOCKET No. 559.

IN THE MATTER OF SETTLEMENT WITH THE KENTUCKY & INDIANA TERMINAL RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 19, 1922. Decided April 26, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Kentucky & Indiana Terminal Railroad Company. Proceeding dismissed.

George H. Campbell for Kentucky & Indiana Terminal Railroad Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kentucky & Indiana Terminal Railroad Company, hereinafter termed the company, is a corporation of the State of Kentucky and operates passenger terminal facilities at Louisville, Ky.

The company filed a written statement with us on March 15, 1920, accepting all of the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided by section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contracts with the director general. The property in question is operated for the benefit of its tenant operating lines at cost and all the operating expenses, revenues, and fixed charges were billed monthly to the operating tenant companies and included in their accounts during the test and guaranty periods. The tenant lines are the Baltimore & Ohio Railroad Company, the Baltimore & Ohio Southwestern Railroad Company, the Chicago, Indianapolis & Louisville Railway Company, the Southern Railway Company, and the Southern Railway Company in Kentucky, of which the Baltimore & Ohio Railroad Company and the Chicago, Indianapolis & Louisville Railway Company accepted the guaranty of section 209.

The provisions of section 209 will be applied to that portion of the results of operations of the company's property during the guaranty period which was billed to and included in the accounts of the tenant lines accepting the guaranty. The lines which did not accept the guaranty will have to bear their portion of the burden of operations of the property during the guaranty period.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 2215.

IN THE MATTER OF THE JOINT APPLICATION OF THE NORTHWESTERN LONG DISTANCE TELEPHONE COMPANY AND THE PACIFIC TELEPHONE & TELEGRAPH COMPANY FOR A CERTIFICATE THAT ACQUISITION BY THE LATTER OF CONTROL OF THE PROPERTIES OF THE FORMER WILL BE IN THE PUBLIC INTEREST.

Submitted April 14, 1922. Decided April 26, 1922.

Certificate issued certifying that the acquisition by the Pacific Telephone & Telegraph Company of control of the properties of the Northwestern Long Distance Telephone Company, by lease, will be of advantage to the persons to whom service is to be rendered and in the public interest.

Jay Bowerman and Guy E. Kelly for Northwestern Long Distance Telephone Company.

H. D. Pillsbury and Otto B. Rupp for Pacific Telephone & Telegraph Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Northwestern Long Distance Telephone Company and the Pacific Telephone & Telegraph Company, hereinafter called the Northwestern and the Pacific, respectively, on February 4, 1922, filed a joint application for a certificate that the acquisition by the Pacific of control of the properties of the Northwestern, by lease, will be of advantage to the persons to whom service is to be rendered and in the public interest. A joint hearing was held for us by the Public Service Commission of Oregon and the Department of Public Works of Washington, and it is their joint recommendation that the application be granted.

The Northwestern was organized about the year 1906 for the purpose of furnishing long-distance telephone service to a number of so-called independent telephone exchanges which were being installed in Seattle, Tacoma, Portland, Spokane, and other cities in Oregon and Washington. At most of those points there was competition in local service between the independent group and the exchanges of the Pacific, which is one of the so-called Bell companies. About the year 1911, there began a process of absorption by the Pacific of the independent exchanges, with which the Northwestern

had connection for toll service, whereby such exchanges were consolidated with those of the Pacific, which had toll connections of its own between those points. In March, 1914, in a suit brought by the United States against all of the corporations and individuals concerned in the telephone situation in those localities, to restrain the establishment of a monopoly of the interstate telephone business, a decree was entered, by consent, which permitted the Pacific to retain the exchanges theretofore acquired and merged with its own, but required the Pacific to dispose of its holdings in the securities of the Northwestern, theretofore acquired, to bring about a complete separation of ownership of the competing toll facilities. The decree also provided that the Pacific should allow the Northwestern access to its consolidated exchanges at Seattle, Tacoma, and Bellingham with such system of questioning all toll calls that the subscriber calling might elect whether his message should go over the lines of the Pacific or those of the Northwestern. The decree was carried out, but since that date numerous consolidations of local exchanges have taken place. Under a modification of the decree, 11 exchanges have been acquired by the Pacific, with the consent of the Government, where that was necessary, and 23 exchanges have been sold by the Pacific to its competitors. In all of these cases, the Northwestern and the Pacific each have access to the combined exchange and each is required by the terms of the decree to charge the same rates and furnish the same service under substantially similar conditions. At present, the toll lines of the Pacific reach all local exchanges, whether its own or operated by its competitors, and there is thus a complete duplication of the toll lines of the Northwestern. It is stated that over 80 per cent of the business handled by the Northwestern originates with subscribers of the Pacific who ask for Northwestern toll service. This situation is apparently due to the fact that numerous exchanges served by the Northwestern have, with the consent of the Government, been taken over by the Pacific. The system of questioning calls is still in use, and if a subscriber refuses to designate which service he desires he obtains no service at all. This results in considerable discussion and dissatisfaction, and as there is no inducement to the subscriber to use the Northwestern lines, the company has been unable to attract a sufficient volume of business to earn revenues with which to pay its indebtedness incurred at the time the lines were purchased pursuant to the decree, or to attract new capital for needed improvements. It is said that the pole-line facilities of the Pacific are ample to carry the circuits of both companies and its switchboard facilities are adequate to handle all the business for years to come. Unification of the toll facilities of the two companies will eliminate the present duplication of operating and office forces

and will also obviate the necessity of rebuilding, within the next few years, the pole lines of the Northwestern.

The proposed plan of consolidation provides for a lease for a term of 15 years of all of the properties of the Northwestern to the Pacific, the latter to pay all expenses of maintenance and taxes and all claims arising from operation of the properties, with the right to combine the leased plant with its own, and with the option at the end of the term of acquiring the properties by paying \$250,000 in cash and canceling the note of the Northwestern now held by the Pacific, upon which note there is due the sum of \$295,000. The Northwestern may at any time during the life of the lease require the Pacific to take title to the property. The rental reserved in the lease is the sum of \$34,750 per year. The tentative agreement further provides that it shall not become effective until our certificate shall have issued in this proceeding, nor until the decree above referred to shall have been modified so as to permit the carrying out of the plan. For the year 1921 the gross revenues of the Northwestern were \$175,122.53, and its operating expenses were \$162,528.07, leaving net earnings of \$12,594.46.

The structural value of the properties of the Northwestern is considerably greater than the price to be paid by the Pacific. One test of the reasonableness of the price is the earning power of the properties in the hands of the purchaser. Transfer of the operation of these lines to the Pacific company can be accomplished with comparatively little capital expenditure, and the expense of operating the combined properties will not be as great as the present combined operating expenses of the two companies. In fact, as it appears that the facilities and operating forces of the Pacific are adequate to handle all of the business of both, it follows that the major part of the gross revenues of the Northwestern will be net revenue for the Pacific company. If the sum of \$175,000 be taken as fairly indicative of the annual revenues to be derived from operation of the Northwestern properties in the future, it is apparent that this amount will be earned by the Pacific with no more additions to its operating expenses than are occasioned by the increase in the volume of business handled. The elimination of the greater part of such items as operators' salaries, traffic expenses, and general-office expenses should produce sufficient net revenue from the operation of the properties to enable the Pacific to write off its investment within a few years, since the revenues from such operation will be wholly new and additional revenue to the Pacific.

In the situation presented by the record, it is apparent that no useful purpose will be served by the continuance of the present duplicated service, which can only result in placing an added burden

on the telephone-using public in an amount equivalent to the expense required to maintain the Northwestern's separate organization and plant, and can, apparently, afford that company no means of meeting its obligations.

We find, therefore, that the proposed acquisition, as above set forth, will be of advantage to the persons to whom service is to be rendered and in the public interest.

A certificate to that effect will be issued.

Certificate of Advantage and Public Interest.

A hearing and investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the acquisition by the Pacific Telephone & Telegraph Company of control of the properties of the Northwestern Long Distance Telephone Company, by lease, in the manner described in said report, will be of advantage to the persons to whom service is to be rendered and in the public interest.

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FINANCE DOCKET No. 155.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
KENTWOOD & EASTERN RAILWAY COMPANY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 27, 1922.

1. The Kentwood & Eastern Railway Company is subject to section 204 of the transportation act, 1920.
2. Amount payable to that company under section 204 ascertained to be \$72,764.96. An amount of \$64,000 having been certified for partial payment under paragraph (g) of said section, as amended by section 212, the amount still payable to the carrier is \$8,764.96, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

George A. Keyes for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Kentwood & Eastern Railway Company, a corporation of the State of Louisiana, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Kentwood and Madisonville, La., a distance of approximately 59 miles, and connecting with the Illinois Central Railroad, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It had a competitive contract with the director general. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$91,980.08. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, inclusive, shows the net credit to the carrier for that period to be \$80,017.41

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before making the adjustments under the provisions of paragraph (f) of section 209, required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and, applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$7,252.45 of the maintenance expenditures during the period in question.

Under date of July 29, 1921, the commission issued its certificate No. B-70 for partial payment to the carrier in the sum of \$64,000, which certificate stated that there was nothing due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness.

The remaining amount due the carrier under section 204 is ascertained to be \$8,764.96, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-95 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Kentwood & Eastern Railway Company, hereinafter termed the carrier, is a corporation of the State of Louisiana and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the whole amount payable to the carrier is \$72,764.96.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

3. The commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204, is \$8,764.96.

Dated this 27th day of April, 1922.

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FINANCE DOCKET No. 764.

IN THE MATTER OF SETTLEMENT WITH THE RAPID CITY, BLACK HILLS & WESTERN RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 4, 1922. Decided April 27, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Rapid City, Black Hills & Western Railroad Company ascertained to be \$23,685.30. An aggregate amount of \$15,000 having been certified for payment as advances under paragraph (h) of said section, the amount to be certified in final settlement with said company is \$8,685.30. Certificate issued.

J. F. Springfield for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Rapid City, Black Hills & Western Railroad Company, hereinafter termed the carrier, is a steam-railroad company, which, during the guaranty period, engaged as a common carrier in general transportation in the State of South Dakota. Its line of railroad was under Federal control at the time Federal control terminated, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 15, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the

net railway operating income or deficit for either the test period or the guaranty period, and that proper adjustment has been made on account of disproportionate or unreasonable charges, under the provisions of paragraph 5 of section 209 (f). As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$23,685.30, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period.....	\$27,817.80
One-half amount of annual compensation under Federal control act.....	6,750.00
Special claim for deferred maintenance.....	11,029.11
Total amount claimed.....	45,596.91

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$27,556.53
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	19,994.05
Deduction for maintenance.....	7,562.48
Deduction for disproportionate items.....	4,250.00
Deduction of claim for deferred maintenance.....	11,029.11
Net railway operating deficit for guaranty period as claimed.....	\$27,817.80
Net railway operating deficit for guaranty period as adjusted.....	28,747.78
Addition for guaranty period.....	929.98
Net deductions.....	21,911.61

Amount necessary to make good the guaranty..... 23,685.30

Certificates for advances under paragraph (h) of section 209 have been issued by us in favor of the carrier on the dates and in amounts as follows:

July 1, 1920.....	\$12,000
Jan. 11, 1921.....	3,000

The amount still due the carrier is, therefore, \$8,685.30, for which an appropriate certificate will be issued.

Certificate No. A-631 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Rapid City, Black Hills & 71 I. C. C.

Western Railroad Company, a corporation of the State of South Dakota, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$23,685.30 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as advances to said carrier under section 209(h), an aggregate amount of \$15,000 under two certificates, as follows:

July 1, 1920, certificate No. A-75-----	\$12, 000
Jan. 11, 1921, certificate No. A-313-----	3, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the amount of advances heretofore certified under section 209(h), is \$8,685.30.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 27th day of April, 1922.

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FINANCE DOCKET No. 946.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI, INDIANAPOLIS & WESTERN RAILROAD COMPANY FOR A LOAN FROM THE UNITED STATES TO ENABLE THE COMPANY TO PROVIDE ITSELF WITH EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted April 24, 1922. Decided April 27, 1922.

Application requesting a loan of \$200,000 for equipment and other additions and betterments denied.

B. A. Worthington for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cincinnati, Indianapolis & Western Railroad Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, by application filed on May 28, 1920, requested a loan from the United States under section 210 of the transportation act, 1920, as amended, to enable it to provide itself with equipment and additions and betterments to way and structures.

In the application the applicant set forth:

1. That the amount of the loan desired was \$200,000.
2. That the term for which the loan was desired was 15 years.
3. That the purposes of the loan and the uses to which it would be applied were as follows:

Purchase of 16 passenger cars.....	\$61, 500
Purchase of 150 coal cars.....	105, 000
Purchase of shop machinery and tools.....	33, 500
Total.....	200, 000

4. That the security offered consisted of applicant's unsecured promissory note.

On various dates between June 7, 1920, and January 19, 1921, we called the carrier's attention to various deficiencies in its application and emphasized the necessity of the applicant making a tender of reasonably adequate security. The application has been neither

supplemented nor amended in response to our request, nor has it been withdrawn. It will therefore be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said application be, and it is hereby, denied.

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FINANCE DOCKET No. 2322.

IN THE MATTER OF THE JOINT APPLICATION OF THE NEW YORK, LAKE ERIE & WESTERN COAL & RAILROAD COMPANY AND THE ERIE RAILROAD COMPANY FOR AN ORDER AUTHORIZING THE FORMER TO EXTEND THE MATURITY OF BONDS, THE LATTER TO ASSUME LIABILITY THEREFOR, AND BOTH COMPANIES TO EXTEND A LEASE.

Submitted April 22, 1922. Decided April 27, 1922.

1. Authority granted to the New York, Lake Erie & Western Coal & Railroad Company to extend the date of maturity of not exceeding \$3,000,000 of its first-mortgage bonds from May 1, 1922, to May 1, 1942, and to reduce the interest rate from 6 to 5½ per cent.
2. Authority granted to the Erie Railroad Company to assume obligation and liability, as guarantor and lessee, in respect of said bonds.
3. Authority granted to extend the term of the lease of the property, railroad, and franchises of the New York, Lake Erie & Western Coal & Railroad Company to the Erie Railroad Company.
4. Terms and conditions prescribed.

George F. Brownell and H. A. Taylor for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The New York, Lake Erie & Western Coal & Railroad Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, hereinafter called the coal company, and the Erie Railroad Company, a carrier by railroad subject to said act, hereinafter called the Erie, on April 4, 1922, duly applied for authority under section 20a of that act, (1) for the coal company to extend the maturity of \$3,000,000 of its first-mortgage bonds from May 1, 1922, to May 1, 1942, and to reduce the rate of interest thereon from 6 to 5½ per cent, and (2) for the Erie to assume obligation and liability, as guarantor and lessee, in respect of the payment of said bonds, as extended, and under paragraph (2) of section 5 of the interstate commerce act, to extend the term of the lease of the property, railroad, and franchises of the coal company to the Erie from July 1, 1925, to July 1, 1945. No objection to the granting of the application has been presented to us.

On May 15, 1882, the coal company made two separate mortgages to the Metropolitan Trust Company of the City of New York and John Lowber Welsh, of Philadelphia, one covering certain mining property therein described to secure \$3,000,000 of first-mortgage bonds, and the other upon its railroad properties, to further secure said issue of bonds to the extent of \$1,500,000, and as additional security for the principal and interest of each of said bonds proportionately. There have been issued and are now outstanding, pursuant to these mortgages, \$3,000,000 of first-mortgage bonds, bearing interest at 6 per cent, which will mature on May 1, 1922.

It is proposed that a supplemental indenture be executed under date of May 1, 1922, between the coal company, the Metropolitan Trust Company of the City of New York, as trustee, and the Erie, pursuant to which the bonds will be divided into two classes, the \$1,100,000 outstanding in the hands of the public to be designated series A extended, and the \$1,900,000 owned by the Erie to be designated series B extended, the date of maturity to be extended to May 1, 1942, and the rate of interest to be reduced from 6 to 5½ per cent per annum.

The supplemental indenture will provide that an extension contract, substantially in the form set forth therein, shall be attached to each of the series-A extended bonds, together with a coupon sheet covering the period of the extension. Under the terms of the extension contract and as part of the consideration for the execution thereof the coal company will pay \$40 to the holder of each \$1,000 series-A bond so extended, and the supplemental indenture will also provide for a sinking fund to be applied in the retirement of these series-A bonds. By the supplemental indenture the Erie will consent to the extension at par of the \$1,900,000 of series-B extended bonds, which are owned by it and pledged under its first consolidated mortgage dated December 10, 1895, to the Farmers' Loan & Trust Company, trustee, these series-B bonds to bear interest at the rate of 5½ per cent and to be extended under the same terms and conditions as the series-A bonds, except that they shall not be entitled to the benefits of the sinking fund nor to the payments of \$40 per bond. A copy of the proposed supplemental indenture is filed with the application.

The coal company, by an indenture dated August 15, 1890, leased its properties to the New York, Lake Erie & Western Railroad Company for a term of 35 years from July 1, 1890. Under date of November 8, 1895, the Erie acquired the right, title, and interest and assumed the obligations of the New York, Lake Erie & Western Railroad Company under that lease. It also owns, directly or indirectly, the entire capital stock of the coal company.

The Erie seeks authority to assume liability as guarantor and lessee in respect to the payment of the principal and interest of series-A bonds, by entering into the supplemental indenture above mentioned, thereby agreeing to indorse upon the extension contract to be attached to the series-A bonds its guaranty substantially in the form given in the supplemental indenture. It also asks authority to assume obligation and liability in respect of the sinking-fund payments as provided in the proposed supplemental indenture of mortgage and the agreement of extension of lease. Under the original lease and agreement of extension of lease the Erie guarantees payment of the principal and interest of the series-B bonds and agrees to indorse on each of said bonds its guaranty substantially in the form prescribed in the original lease.

Arrangements will be made with J. P. Morgan & Company of New York to underwrite the extension of the series-A extended bonds at a commission of $3\frac{1}{2}$ per cent of the principal amount of the bonds to be extended, all of said bonds not extended by the present holders to be purchased by them and extended. On the basis of the payment of \$40 and an underwriting commission of $3\frac{1}{2}$ per cent, the annual cost will be approximately 6 per cent on the \$1,100,000 of series-A bonds.

In connection with and as part of the plan for the extension of said bonds, the Erie proposes to enter into an agreement with the coal company to extend the lease of August 15, 1890, to July 1, 1945. Under the terms of this lease the coal company demised to the lessee all its lands, properties, mining rights, railroad, equipment, and franchises. The lessee agreed to pay, as rental, a sum not exceeding \$100 per annum for the purpose of maintaining the organization of the coal company, and such further sum, not exceeding \$180,000, as might be necessary to pay the annual interest upon the mortgage bonds of the coal company, or any extension or renewal thereof, such payment to be made directly to the holders of the coupons upon said bonds, when due and payable. If additional bonds are issued by the coal company, with the lessee's consent, during the term of the lease, then the lessee agreed to pay a further sum sufficient to pay the interest upon such additional bonds. The lessee guaranteed payment of the principal and interest of the outstanding bonds of the coal company, and agreed to pay all taxes and assessments for which the latter would be liable, and all sums that it would be obligated to pay for or on account of the trustees under the mortgages. The lessee also agreed to maintain and keep in repair all the demised property and to pay all expenses incurred for operation, construction, and repairs. The lease by its terms —

ferred and assigned to the trustees under the coal company's mortgages by way of further security for the bonds.

By the proposed extension agreement the Erie undertakes to guarantee the payment of the principal and interest of the extended bonds of the coal company, and during the continuance of the lease to make the payments into the sinking fund provided for in connection therewith. The Erie also agrees to pay all expenses incurred by the coal company in connection with the extension of its bonds. The covenants and provisions of the original lease, as extended, are to apply to the extended bonds and the interest thereon, to the same extent as they applied to the original bonds and the interest thereon, and are to be binding upon the Erie, as lessee, to the same extent as they applied to its predecessor.

The railroad of the coal company extends from a connection with the Erie's railroad at Crawford Junction in a general southerly direction to Clarion Junction, a distance of approximately 29 miles, and from Smith Summit, in a northeasterly direction, through Brockwayville, to Toby Mines, an approximate distance of 15 miles, all in the State of Pennsylvania. The connecting link between Clarion Junction and Brockwayville, a distance of approximately 27 miles, is formed by the tracks of the Buffalo, Rochester & Pittsburgh Railroad, over which the Erie has trackage rights. The total first-track mileage is 46.49 miles. The coal company does not own any equipment nor does it maintain an operating organization. For many years it has been operated by the Erie and its predecessor, and its operating results have been reflected in the accounts of those companies.

The general balance sheet of the coal company, as of February 28, 1922, showed total capital stock outstanding, \$500,000; unmatured funded debt, \$3,000,000; nonnegotiable debt to affiliated companies, \$15,944.17; investment in road and equipment, \$2,762,838.79; and profit-and-loss debit balance, \$168,408.59.

The territory traversed by the coal company's road is largely devoted to the production of coal, and the lease which it is proposed to extend also demises to the Erie large areas of coal-bearing lands. It is stated that much of the system coal used by the Erie in its eastern territory is secured from the mines served by the railroad of the coal company, and that the proposed extension of the lease is necessary in order to insure a continuance of such coal supply. The extension of the lease has been approved by the Public Service Commissions of New York and Pennsylvania.

We find that the proposed extension by the New York, Lake Erie & Western Coal & Railroad Company of its first-mortgage bonds, and the assumption of obligation and liability by the Erie Railroad Com-

pany in respect thereof, as hereinbefore described (a) are for a lawful object within their respective corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by the Erie Railroad Company of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

We further find that the proposed extension of the lease of the railroad and properties of the coal company to the Erie, described in the application, will be in the public interest, subject, however, to the condition that the Erie shall not sell, pledge, or otherwise dispose of the capital stock of the coal company, or any part thereof, without our consent.

An appropriate order will be entered.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the New York, Lake Erie & Western Coal & Railroad Company be, and it is hereby, authorized to extend the maturity from May 1, 1922, to May 1, 1942, and to reduce the rate of interest from 6 to 5½ per cent per annum, of not exceeding \$3,000,000 principal amount, of its first-mortgage bonds, issued under mortgages dated May 15, 1882, to the Metropolitan Trust Company of the City of New York and John Lowber Welsh, of the city of Philadelphia; said bonds to be extended pursuant to a supplemental indenture of mortgage to be dated May 1, 1922, between the New York, Lake Erie & Western Coal & Railroad Company, the Metropolitan Trust Company of the City of New York, as trustee, and the Erie Railroad Company; \$1,100,000 of said bonds to be designated series-A extended bonds, and \$1,900,000 thereof to be designated series-B extended bonds; such extension of maturity and reduction of interest rate to be accomplished as follows: As to said series A, by annexing to each bond a coupon sheet and an extension contract substantially in the form set forth in said supplemental indenture; and, as to said series B, by annexing to each bond an extension contract embodying the same terms and conditions as contained in said series-A extension contract, except that said series-B bonds shall not be entitled to any sum as a consideration for extension nor to the benefits of the sinking fund provided for in said supplemental indenture and shall not be subject to the redemption provision contained in said series-A

extension contract: *Provided, however,* That the total annual cost to the New York, Lake Erie & Western Coal & Railroad Company of said series-A extended bonds shall not exceed 6.25 per cent, including in such cost the consideration of \$40 to be paid to the holder of each \$1,000 bond, interest, commission, attorneys' fees, and all other expenses.

It is further ordered, That the Erie Railroad Company be, and it is hereby, authorized to assume obligation and liability, as guarantor and lessee, in respect of the payment of the principal and interest of said \$3,000,000, principal amount, of first-mortgage bonds, as extended, such assumption to be effected as to said series-A bonds, by entering into the supplemental indenture and agreement of extension of lease referred to in said report and by indorsing upon the extension contract attached to each of said bonds its guaranty in substantially the form set forth in said supplemental indenture; and such assumption to be effected as to said series-B bonds by entering into said supplemental indenture and said agreement of extension of lease and by indorsing upon each of said bonds its guaranty in substantially the form set forth in the original lease, dated August 15, 1890, referred to in said report.

It is further ordered, That the Erie Railroad Company be, and it is hereby, authorized to extend its control of the railroad, properties, and franchises of the New York, Lake Erie & Western Coal & Railroad Company by entering into the agreement of extension of lease described in the application and report aforesaid: *Provided, however,* That the Erie Railroad Company shall not sell, pledge, or otherwise dispose of the capital stock of the New York, Lake Erie & Western Coal & Railroad Company, or any part thereof, without the consent of this commission.

It is further ordered, That, except as herein authorized, said bonds shall not be extended, sold, pledged, repledged, or otherwise disposed of by the New York, Lake Erie & Western Coal & Railroad Company or by the Erie Railroad Company, unless and until so authorized by this commission.

It is further ordered, That, within 10 days after the execution and delivery thereof, the New York, Lake Erie & Western Coal & Railroad Company and the Erie Railroad Company, respectively, or either of them acting for both, shall file with this commission certified copies of said supplemental indenture of mortgage, of said agreement of extension of lease, of said extension contracts, and of said indorsements of guaranty, in the forms in which executed.

It is further ordered, That, within 10 days thereafter, the New York, Lake Erie & Western Coal & Railroad Company shall report to this commission all pertinent facts relating to the extension of the

date of maturity of said bonds, including the amount, if any, of bonds purchased and extended by the underwriters; and that the Erie Railroad Company shall in like manner report all pertinent facts relating to the assumption of obligation and liability in respect thereof, each report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 192.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
NEVADA - CALIFORNIA - OREGON RAILWAY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 29, 1922.

1. The Nevada-California-Oregon Railway is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Nevada-California-Oregon Railway under the provisions of section 204 is ascertained to be \$95,204.97. An aggregate amount of \$45,189.21 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$50,015.76, from which \$59.17 is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

Charles Moran for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Nevada-California-Oregon Railway, a corporation of the State of Nevada, hereinafter termed the carrier, is a steam-railway company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Hackstaff, Calif., and Lakeview, Oreg., a distance of approximately 171 miles, its line connecting at Wendel, Calif., with the line of the Southern Pacific Company, and at Hackstaff, Calif., with that of the Western Pacific Railroad Company, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The amended return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from July 1, 1918, to February 29, 1920, inclusive, of \$107,246.99. Our examination of

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the accounts for that period shows the net credit to the carrier to be \$108,119.55, before making the adjustments under the provisions of paragraph (f) of section 209, required by paragraph (b) of section 204. The mileage operated during the test period was approximately 275 miles, and during the Federal control period approximately 171 miles.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$12,914.58 of the maintenance expenditures during the period in question.

We therefore find a net credit of \$95,204.97 due the carrier in reimbursement of deficits during Federal control. Certificates for partial payments under paragraph (g) of section 204, as amended by section 212, have been issued by us in favor of the carrier as follows:

June 3, 1920-----	\$16, 000. 00
May 5, 1921-----	29, 189. 21
Total -----	45, 189. 21

The balance due the carrier under section 204 in reimbursement of deficits during Federal control is ascertained to be \$50,015.76, from which \$59.17 is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States for the period July 1, 1918, to February 29, 1920, inclusive, under section 204.

An appropriate certificate will be issued.

Certificate No. B-96 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Nevada-California-Oregon Railway, hereinafter termed the carrier, is a corporation of the State of Nevada and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the whole amount payable to the carrier is \$95,204.97.

2. The commission also certifies that the amount due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness is \$59.17.

3. The commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204 and after deducting said amount due from the carrier to the President, is \$49,956.59.

Dated this 29th day of April, 1922.

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FINANCE DOCKET No. 294.

IN THE MATTER OF SETTLEMENT WITH THE AUGUSTA UNION STATION COMPANY UNDER THE PROVISIONS OF SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 25, 1922. Decided April 29, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Augusta Union Station Company. Proceeding dismissed.

Charles A. Wickersham for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Augusta Union Station Company, hereinafter termed the company, is a corporation of the State of Georgia and during the guaranty period operated a passenger terminal at Augusta, Ga. The company filed a written statement with us on March 15, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided under section 1 of the Federal control act as its property was operated for the benefit of its tenant companies, namely, the Southern Railway Company, the Atlantic Coast Line Railroad Company, the Georgia Railroad, lessor, the Charleston & Western Carolina Railroad Company, the Central of Georgia Railway Company, and the Augusta Southern Railroad Company, and all the operating expenses, revenues, and fixed charges were billed to and included in the accounts of the tenant companies during the test, Federal control, and guaranty periods.

The provisions of section 209 of the transportation act, 1920, will therefore be applied to the result of such portion of the operations of the company's property during the guaranty period as was borne by such of its tenant lines as accepted the guaranty, which includes all its tenant lines except the Southern Railway Company and the Augusta Southern Railroad Company.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date thereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof;

It is ordered, That the said proceeding be, and it is hereby, dismissed.

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FINANCE DOCKET No. 415.¹

IN THE MATTER OF SETTLEMENT WITH THE CUMBERLAND RAILWAY COMPANY, THE SIEVERN & KNOXVILLE RAILROAD COMPANY, THE TENNESSEE & CAROLINA SOUTHERN RAILWAY COMPANY, THE STATE UNIVERSITY RAILROAD COMPANY, AND THE ENSLEY SOUTHERN RAILWAY COMPANY UNDER THE PROVISIONS OF SECTION 209 OF THE TRANSPORTATION ACT, 1920, AS AMENDED.

Submitted April 12, 1922. Decided April 29, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Cumberland Railway Company, the Sievern & Knoxville Railroad Company, the Tennessee & Carolina Southern Railway Company, the State University Railroad Company, and the Ensley Southern Railway Company. Proceeding dismissed.

Fairfax Harrison for Cumberland Railway Company.

H. W. Miller for Sievern & Knoxville Railroad Company, Tennessee & Carolina Southern Railway Company, and State University Railroad Company.

L. E. Jeffries for Ensley Southern Railway Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Cumberland Railway Company is a corporation of the State of Tennessee, its line of steam railroad extending from Hyde, Tenn., to Clear Fork Creek, Ky., a distance of 11.21 miles. The Sievern & Knoxville Railroad Company is a corporation of the State of South Carolina, its line of steam railroad extending from Batesburg, S. C., to Sievern, S. C., a distance of 17.44 miles. The Tennessee & Carolina Southern Railway Company is a corporation of the State of Tennessee, its line of steam railroad extending from Maryville, Tenn., to Alcoa, Tenn., a distance of 30.53 miles. The State University Railroad Company is a corporation of the State of North Carolina, its line of steam railroad extending from University, N. C., to Chapel Hill, N. C., a distance of 10.20 miles. The Ensley Southern Railway Company is a corporation of the State of Alabama, its line of steam

¹ This report also includes Finance Dockets Nos. 458, 792, 815, and 829.

railroad extending from Ensley, Ala., to Coal Creek Spur, Ala., a distance of 33.42 miles.

The property of each of the companies above mentioned was operated by the Southern Railway Company as a part of its system of transportation during the test, Federal control, and guaranty periods, the latter company owning 100 per cent of the securities of each of the former. No written agreements were entered into between the companies involved and the Southern Railway Company with reference to the operation of their properties, but the present arrangements for operation have been in effect for many years. No separate accounts are kept reflecting the results of operations of the particular properties of the companies involved and they did not file separate reports with the commission, their operations being included in the reports filed by the Southern Railway Company.

Each of the companies above mentioned, exclusive of the Southern Railway Company filed a written statement with us on or before March 15, 1920, accepting all the provisions of section 209 of the transportation act, 1920. Their properties were under Federal control at the termination thereof and compensation for their use during the period of Federal control was covered by contract with the director general as a part of the line of the Southern Railway Company.

The Southern Railway Company did not accept the provisions of section 209 as provided in paragraph (b) thereof and it is therefore not entitled to the benefits of that section. In view of the fact that the properties of the companies involved were operated as a part of the Southern Railway during the guaranty period, we find that the provisions of section 209 are not applicable to them and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

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FINANCE DOCKET No. 863.

IN THE MATTER OF SETTLEMENT WITH THE VALLEY
& SILETZ RAILROAD COMPANY UNDER THE PRO-
VISIONS OF SECTION 209 OF THE TRANSPORTATION
ACT, 1920.

Submitted April 24, 1922. Decided April 29, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Valley & Siletz Railroad Company. Proceeding dismissed.

A. C. Marsh for Valley & Siletz Railroad Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Valley & Siletz Railroad Company, hereinafter termed the carrier, is a corporation of the State of Oregon, and since January 1, 1918, has operated a line of railroad extending from Independence to Valetz, Oreg., a distance of 39.1 miles, and connects with the line of the Southern Pacific Company at Independence. The carrier filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The carrier's property was not operated prior to January 1, 1918, and was not under Federal control at the termination of the Federal control period. The carrier had no contract for compensation during such period, nor was any estimate of compensation made by the President. Inasmuch as there is no basis for computing any guaranty to the carrier, we find that the provisions of section 209 are not applicable to it and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 192.

IN THE MATTER OF FINAL SETTLEMENT WITH THE
NEVADA - CALIFORNIA - OREGON RAILWAY UNDER
SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 29, 1922.

1. The Nevada-California-Oregon Railway is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Nevada-California-Oregon Railway under the provisions of section 204 is ascertained to be \$95,204.97. An aggregate amount of \$45,189.21 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$50,015.76, from which \$59.17 is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

Charles Moran for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Nevada-California-Oregon Railway, a corporation of the State of Nevada, hereinafter termed the carrier, is a steam-railway company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Hackstaff, Calif., and Lakeview, Oreg., a distance of approximately 171 miles, its line connecting at Wendel, Calif., with the line of the Southern Pacific Company, and at Hackstaff, Calif., with that of the Western Pacific Railroad Company, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The amended return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from July 1, 1918, to February 29, 1920, inclusive, of \$107,246.99. Our examination of

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the accounts for that period shows the net credit to the carrier to be \$108,119.55, before making the adjustments under the provisions of paragraph (f) of section 209, required by paragraph (b) of section 204. The mileage operated during the test period was approximately 275 miles, and during the Federal control period approximately 171 miles.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$12,914.58 of the maintenance expenditures during the period in question.

We therefore find a net credit of \$95,204.97 due the carrier in reimbursement of deficits during Federal control. Certificates for partial payments under paragraph (g) of section 204, as amended by section 212, have been issued by us in favor of the carrier as follows:

June 3, 1920-----	\$16, 000. 00
May 5, 1921-----	29, 189. 21
Total -----	45, 189. 21

The balance due the carrier under section 204 in reimbursement of deficits during Federal control is ascertained to be \$50,015.76, from which \$59.17 is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States for the period July 1, 1918, to February 29, 1920, inclusive, under section 204.

An appropriate certificate will be issued.

Certificate No. B-96 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Nevada-California-Oregon Railway, hereinafter termed the carrier, is a corporation of the State of Nevada and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the whole amount payable to the carrier is \$95,204.97.

FINANCE DOCKET No. 2311.

IN THE MATTER OF THE APPLICATION OF THE ST. LOUIS-SAN FRANCISCO RAILWAY COMPANY FOR AUTHORITY TO ISSUE PRIOR-LIEN BONDS.

Submitted April 18, 1922. Decided April 29, 1922.

1. Authority granted to issue not exceeding \$10,932,000 of prior-lien mortgage 5½ per cent gold bonds, series D, in substitution for an equal amount of prior-lien mortgage 6 per cent gold bonds, series C, heretofore authenticated; not to exceed \$6,932,000 of said bonds to be sold at not less than 89 per cent of par and accrued interest, and the remainder thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any note or notes issued under paragraph (9) of section 20a of the interstate commerce act.
2. Authority to issue \$521,000 of said series-D bonds, in respect of expenditures for equipment, denied.

W. F. Evans for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The St. Louis-San Francisco Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to procure authentication by the trustee and delivery of \$11,453,000 of prior-lien 5½ per cent gold bonds, series D, and to sell or to pledge these bonds. No objection to the granting of the application has been presented to us.

By our order dated May 17, 1921, in *Bonds of St. Louis-San Francisco Ry.*, 67 I. C. C., 624, we authorized the applicant to sell, at not less than 90 per cent of par, all or any part of \$4,232,000, principal amount, of prior-lien mortgage 6 per cent gold bonds, series C. By that order and by our orders dated, respectively, October 21, 1921, in *Bonds of St. Louis-San Francisco Ry.*, 70 I. C. C., 537, and December 23, 1921, in *Bonds of St. Louis-San Francisco Ry.*, 70 I. C. C., 792, we authorized the applicant to pledge, as collateral security for any note or notes which it might issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, all or any part of series-C bonds aggregating, inclusive of bonds authorized

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to be sold, \$10,932,000. Bonds of series C in that amount have been authenticated by the trustee and delivered to the applicant.

Of the total of \$11,453,000 of series-D bonds included in this application, \$10,932,000 are intended for exchange for the series-C bonds, heretofore authenticated. The additional \$521,000 of series-D bonds are intended for sale to reimburse the applicant for moneys heretofore expended out of income for the payment of certain equipment notes, and to provide for the discharge or refunding of other equipment notes, as follows:

Description.	Date of maturity.	Amount.
Series B (Frisco Construction Company) -----	Mar. 15, 1922	\$113,000
Series B (Frisco Construction Company) -----	Sept. 15, 1922	112,000
Series S -----	Apr. 1, 1922	74,000
Series S -----	Oct. 1, 1922	74,000
Series S -----	Apr. 1, 1923	74,000
Series S -----	Oct. 1, 1923	74,000
Total -----		521,000

The proposed series-D bonds are to be issued under the prior-lien mortgage, dated July 1, 1916, made by the applicant to the Central Trust Company of New York (now Central Union Trust Company of New York), and Daniel K. Catlin. Article two of the mortgage provides that bonds shall be authenticated by the trustee and delivered to the applicant for certain purposes specified therein. By section 4 of that article, \$5,306,000 of bonds are reserved for refunding, paying, purchasing, or otherwise acquiring a like face amount of certain equipment notes, including those enumerated. Of the amount so reserved, it appears that \$4,784,000 have heretofore been authenticated by the trustee and delivered to the applicant, leaving a balance of \$522,000 of bonds issuable thereunder. Section 13 of article two provides that the corporate trustee shall, upon surrender to it by the applicant of canceled bonds of any series previously authorized, deliver in exchange therefor a like or equivalent aggregate principal amount of prior-lien bonds, of any form, with any date or dates of maturity, containing any provisions and bearing any rate of interest authorized by the mortgage, and of any series existing or then constituted.

Series-D bonds will be dated January 1, 1922, and mature January 1, 1942. The series-C bonds mature July 1, 1928. The applicant represents that it does not desire to sell additional bonds maturing at such early date, but under present market conditions deems it advisable to issue in lieu thereof bonds bearing a lower rate of interest and maturing at a later date.

The applicant proposes to sell, from time to time, at not less than 84 per cent of their principal amount, and/or to pledge or repledge, from time to time, at not less than 70 per cent thereof, all or any part

of the proposed series-D bonds. While it appears that no actual negotiations for the sale of the bonds have been commenced, officers of the applicant state that, from preliminary inquiries, they are practically convinced that they can readily dispose of \$6,932,000 of bonds at not less than 89 per cent of par. Authority is sought for the immediate sale of not less than this amount of bonds. The cost to the applicant on the basis given will be approximately 6.5 per cent per annum.

The applicant represents that, for the calendar year 1922, it proposes to make capital expenditures of not exceeding \$400,000 per month, or a total of \$4,800,000, that interest-bearing securities have matured, or will mature within the next 12 months, in the amount of \$2,771,900, and that, owing to the favorable market conditions now prevailing, its financial needs can be met to better advantage by the sale of series-D bonds than by the issue of short-term notes.

As no information has been furnished by the applicant as to the amount, terms, and conditions of any note or notes, as collateral security for which series-D bonds would be pledged, or as to arrangements for the issue of any such notes, or for the proposed pledge of these bonds, authority to pledge will be limited in our order to the pledge of bonds as collateral security for such note or notes as the applicant may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without our authorization therefor having first been obtained.

We are not convinced that the issue of prior-lien mortgage bonds in the amount of \$521,000 for the purpose of refunding, paying, or purchasing or otherwise acquiring a like face amount of equipment notes herein described, is compatible with the interest of either the applicant or the public.

We find that the proposed issue by the applicant of not exceeding \$10,932,000 of series-D bonds by pledge or sale as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the carrier of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes; but that applicant has not justified an authorization of the proposed issue of \$521,000 of its prior-lien mortgage bonds, series-D, and that authority therefor should be denied.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

71 I. C. C.

It is ordered, That the St. Louis-San Francisco Railway Company be, and it is hereby, authorized to issue not exceeding \$10,932,000, principal amount, of prior-lien mortgage gold bonds, series D, under and pursuant to, and to be secured by, the prior-lien mortgage dated July 1, 1916, made by it to the Central Trust Company of New York (now the Central Union Trust Company of New York) and Daniel K. Catlin, in exchange for an equal amount of prior-lien mortgage 6 per cent gold bonds, series C (heretofore authenticated by the trustee and delivered to the applicant as set forth in the application and reports aforesaid); said bonds to be dated January 1, 1922, to bear interest at the rate of 5½ per cent per annum, payable semi-annually on January 1 and July 1, and to mature January 1, 1942; not exceeding \$6,932,000, principal amount, of said bonds to be sold at not less than 89 per cent of par and accrued interest, and the proceeds used solely for the purposes set forth in said application and report, and the remainder of said bonds to be pledged and repledged, from time to time, until otherwise ordered, as collateral security for any note or notes that may be issued within the limitations of paragraph (9) of section 20a of the interstate commerce act, without authority of this commission having first been obtained; such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds at the prevailing market price at the time of pledge, to \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said series-D bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, as and when said series-C bonds are received in exchange for series-D bonds, said series-C bonds shall be canceled.

It is further ordered, That the applicant, within 10 days thereafter, respectively, shall report to this commission all pertinent facts relating to the issue of said series-D bonds, as herein authorized, and to the cancellation of said series-C bonds; within 10 days after the pledge or repledge of any of said series-D bonds, as herein authorized, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge shall report to this commission all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2231.

IN THE MATTER OF THE APPLICATION OF THE NEW ORLEANS, TEXAS & MEXICO RAILWAY COMPANY FOR AUTHORITY TO ISSUE SECURITIES.

Submitted April 24, 1922. Decided May 1, 1922.

Authority granted (1) to procure authentication and delivery to its treasurer of not exceeding \$457,400 of applicant's first-mortgage bonds, series A; and (2) to issue not exceeding \$991,100 of first-mortgage bonds, series A; said bonds to be sold at not less than 98 per cent of par, or to be pledged or repledged as collateral security for notes issued under paragraph (9) of section 20a of the interstate commerce act.

Frank Andrews for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The New Orleans, Texas & Mexico Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to procure authentication and delivery to its treasurer of not exceeding \$457,400 of its first-mortgage bonds, series A, and to sell at not less than 95 per cent of par, and accrued interest, not exceeding \$991,100 of first-mortgage bonds, series A, but until they are sold, to pledge or repledge them as collateral security for any note or notes which it may issue under paragraph (9) of section 20a. No objection to the granting of the application has been presented to us.

The applicant's first mortgage and deed of trust, dated March 1, 1916, to the Columbia Trust Company of New York, trustee, authorizes the issue of not to exceed \$15,000,000 of bonds, to bear interest at not exceeding 6 per cent per annum. By our order dated July 29, 1921, in *Bonds of N. O., T. & M. Ry.*, 70 I. C. C., 271, we authorized the applicant to issue \$533,700 of first-mortgage bonds, series A, for pledge as collateral security for a note. At that date the trustee had authenticated and delivered to the applicant \$6,000,000 of 6 per cent bonds, series A, maturing October 1, 1925, of which \$5,870,000 were outstanding in the hands of the public and \$130,000 were in the applicant's treasury. As the applicant found it unnecessary to secure the loan for which the \$533,700 of bonds were authorized to be pledged, it has unencumbered in the treasury at the present time a total of \$663,700 of bonds.

Under the terms of the mortgage the applicant is entitled to have bonds certified to it by the trustee upon a showing of expenditures for additions, betterments, extensions, and improvements upon the line of railway owned by it and upon the lines of its subsidiaries, the St. Louis, Brownsville & Mexico Railway Company and the Beaumont, Sour Lake & Western Railway Company. All of the stock and bonds of the subsidiaries are owned by the applicant and are pledged under its first mortgage and deed of trust. The mortgage further provides that the bonds issuable thereunder may be so certified and delivered to an amount, which, taken at not less than 95 per cent of face value, shall be equal to the actual cost of such additions, betterments, extensions, and improvements. The applicant, however, waives its rights under this provision of the mortgage at this time and requests merely the authentication and delivery of bonds equal to approximately the amount of actual expenditures.

The applicant shows that during the calendar year 1921 it expended for additions and betterments to roadway and structures upon its railways and the lines of its subsidiaries amounts as follows:

The New Orleans, Texas & Mexico Ry. Co-----	\$92, 046. 39
The St. Louis, Brownsville & Mexico Ry. Co-----	303, 550. 65
The Beaumont, Sour Lake & Western Ry. Co-----	61, 815. 39
Total-----	457, 412. 43

The applicant represents that it will probably be necessary during the current year to secure additional funds to replenish its treasury and to meet its current cash requirements. It has therefore requested authority to secure authentication and delivery to its treasurer of \$457,400 of first-mortgage bonds, series A, and to sell these bonds, together with the bonds which were authorized in *Bonds of N. O., T. & M. Ry., supra*, at not less than 95 per cent of par and accrued interest, for the purposes outlined. Upon this basis the cost to the applicant would be approximately 7.65 per cent per annum. Until they are sold, however, the applicant desires to use them as security for short-term notes.

Upon the facts presented we are of opinion that under present conditions a minimum price of 95 per cent of par, with resulting cost of approximately 7.65 per cent per annum, is excessive. The bonds will mature in less than 3½ years, and the current market price is approximately 99 per cent of par. If sold at a minimum price of 98 per cent of par the cost of the proceeds to the applicant would be approximately 6.65 per cent per annum, which under the circumstances, appears to be more reasonable.

We find, therefore, that the proposed authentication and delivery of \$457,400 of series-A bonds, and the sale of \$991,100 of said series-A bonds by the applicant at not less than 98 per cent of par

and accrued interest, or the pledge thereof as collateral security for short-term notes, as aforesaid, (a) are for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in reimbursement for money expended from income or from other moneys in its treasury for capital purposes, the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized to procure authentication and delivery to its treasurer of not exceeding \$457,400, principal amount, of first-mortgage gold bonds, series A, under and pursuant to, and to be secured by its first mortgage and deed of trust dated March 1, 1916, to the Columbia Trust Company of New York, trustee; said bonds to be drawn to bear interest at the rate of 6 per cent per annum, payable semiannually on June 1 and December 1 in each year, and the principal of said bonds to be payable October 1, 1925.

It is further ordered, That the New Orleans, Texas & Mexico Railway Company be, and it is hereby, authorized to issue not to exceed \$991,100, principal amount, of its first-mortgage bonds, series A (including the \$457,400 herein authorized to be authenticated and delivered, and \$533,700, which have heretofore been authenticated and delivered to the applicant by the corporate trustee pursuant to the authority contained in the order of this commission dated July 29, 1921, in Finance Docket No. 1450), said bonds to be sold at such price, not less than 98 per cent of par and accrued interest, that the total annual cost to the applicant, including commissions, fees, etc., incident to said sale, shall not exceed 6.65 per cent of the proceeds; or all or any part of said bonds to be pledged or repledged, from time to time, until otherwise ordered, as collateral security for any note or notes which the applicant may issue within the limitations of paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission, such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the authentication and delivery to its treasurer of said bonds and to the sale of said bonds; within 10 days after the pledge or repledge of any of said bonds, shall file with this commission certificates of notification to that effect; and within 10 days after the release of said bonds from such pledge, shall report to this commission all pertinent facts relating thereto; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2306.¹

IN THE MATTER OF THE APPLICATION OF THE MIDLAND VALLEY RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted March 29, 1922. Decided May 1, 1922.

Authority granted to issue \$541,000 of first-mortgage 5 per cent gold bonds; said bonds to be sold at not less than 75 per cent of par, or to be pledged and replighted as collateral security for short-term notes.

O. E. Swan for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

By two separate applications the Midland Valley Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$541,000 of its first-mortgage 5 per cent gold bonds, in order to reimburse its treasury for expenditures made from income for capital purposes. The applicant proposes to sell the bonds at not less than 75 per cent of par, but until they are sold, to pledge and replight them as collateral security for any short-term note or notes which it may issue without our authority, as provided by paragraph (9) of section 20a. No objection to the granting of the authority requested has been presented to us.

The first mortgage, dated April 1, 1913, made by the applicant to the Girard Trust Company, provides for the issue of \$15,000,000 of bonds, of which \$5,224,000 are now outstanding. By section 11 of Article IV of this mortgage, it is provided that there shall be set apart and applied to the making of additions, improvements, and betterments to and upon the system of railroad of the applicant a sum not less than \$100 per mile per annum and not exceeding \$250 per mile per annum of the railroad operated, and that upon the sum so set apart no mortgage bonds shall be issued for purposes of reimbursement. The mortgage further provides for the issue of bonds to the extent of 85 per cent of such expenditures over and above the amounts so set apart.

During the period from January 1, 1921, to December 31, 1921, inclusive, the applicant expended for investment in road the sum of

¹ This report also embraces Finance Docket No. 2307.

\$384,631.74, of which \$36,300 was provided by the fund set apart in accordance with section 11 of Article IV, leaving \$348,331.74 available as a basis of capitalization, for 85 per cent of which bonds may be issued. The applicant proposes to issue \$296,000 of bonds in respect of the amount thus shown to be available. These bonds will be dated April 1, 1913, and will mature April 1, 1943.

It appears that prior to the effective date of section 20a of the interstate commerce act there had been duly authenticated and delivered to the applicant \$245,000 of bonds, which are now held in its treasury unencumbered. The applicant now seeks authority to sell these bonds, together with the proposed bonds, aggregating \$541,000.

Although no definite arrangements for the sale of the bonds have been made, the applicant contemplates selling them in the open market, or through brokers, at not less than 75 per cent of par and accrued interest, with a selling commission of not to exceed 2 per cent. On this basis, the annual cost to the applicant would be approximately 7.6 per cent of the proceeds of the bonds. Until they are sold, however, the applicant desires to use them as security for short-term notes.

We find that the proposed issue of first-mortgage 5 per cent gold bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in order to reimburse its treasury for expenditures made from income for capital purposes, the Midland Valley Railroad Company, be, and it is hereby, authorized to issue not to exceed \$541,000, principal amount, of first-mortgage gold bonds, under and pursuant to, and to be secured by, the first mortgage dated April 1, 1913, made by the applicant to the Girard Trust Company, trustee, of which \$245,000, principal amount, are now held in its treasury unencumbered; said bonds to be dated April 1, 1913, to mature April 1, 1943, to bear interest at the rate of 5 per cent per annum, payable semiannually on October 1 in each year, and to be substantially in the form of the first mortgage.

said bonds to be sold at such price, not less than 75 per cent of par and accrued interest, that the total annual cost to applicant, including interest, discount, commissions, attorneys' fees, and all other costs of sale, shall not exceed 7.6 per cent of the proceeds; or, pending such sale, all or any part of said bonds to be pledged and repledged, from time to time, until otherwise ordered, as collateral security for any note or notes which the applicant may issue within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission therefor having first been obtained, such pledge or pledges to be in the ratio of not exceeding \$125 in value of bonds at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That, except as herein authorized said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days thereafter, respectively, the applicant shall report to this commission all pertinent facts relating to the sale, pledging, or repledging of said bonds, as herein authorized, and the release of said bonds from pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 282.

IN THE MATTER OF SETTLEMENT WITH THE ASHEVILLE SOUTHERN RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted April 26, 1922. Decided May 2, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Asheville Southern Railway Company. Proceeding dismissed.

L. E. Jeffries for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Asheville Southern Railway Company, hereinafter termed the company, is a corporation of the State of North Carolina. Its line of railroad consists of 3.6 miles of main track and sidings, which is a continuation of the line of the Asheville & Craggy Mountain Railway Company, which carrier operated the property of the company as a part of its system during the test, Federal control, and guaranty periods, and the results of operations of the company were included in the accounts of the Asheville & Craggy Mountain Railway Company during those periods. No written agreement has been entered into between the company and the Asheville & Craggy Mountain Railway Company with reference to the operation of its property, but the present arrangement for operation has been in effect for many years. No separate accounts are kept reflecting the result of operations of the particular property of the company and the company does not file separate reports with us.

The company filed a written statement with us on March 13, 1920, accepting all the provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination thereof and compensation for its use under Federal control was covered by contract with the director general as a part of the line of the Asheville & Craggy Mountain Railway Company, which latter company was included in the contract with the Southern Railway Company.

The Asheville & Craggy Mountain Railway Company filed a statement in writing on March 15, 1920, accepting the provisions of section 209 as provided in paragraph (b) of that section, and the results of operations of the company's property during the guaranty period

will be included in settlement with the Asheville & Craggy Mountain Railway Company.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 2320.

IN THE MATTER OF THE APPLICATION OF THE OREGON SHORT LINE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO CONSTRUCT AN EXTENSION OF ITS LINE OF RAILROAD.

Submitted April 27, 1922. Decided May 2, 1922.

1. Certificate issued authorizing the construction of an extension of a line of railroad in Owyhee County, Idaho.
2. Permission to retain excess earnings granted.

George H. Smith for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Oregon Short Line Railroad Company, a carrier by railroad subject to the interstate commerce act, on April 3, 1922, filed an application for a certificate that the present and future public convenience and necessity require or will require the construction of an extension of its Homedale branch, from its present terminus at Homedale, Idaho, in a southeasterly direction a distance of 7.5 miles, in Owyhee County, Idaho, and for permission, pursuant to paragraph (18) of section 15a of the interstate commerce act, to retain the excess earnings of said extension. The Public Utilities Commission of Idaho recommended that the application be granted, and the case was submitted without formal hearing.

The proposed extension would serve an area of irrigated farm lands which has been under cultivation for 10 years. At present about 19,900 acres are cultivated, and there is an additional area of about 5,100 acres now under ditch, all of which would be tributary to the line. The applicant now operates a branch which diverges from its main line at Nyssa, Oreg., and extends to Homedale, and the proposed extension would be a continuation of that branch. It is proposed to establish two loading stations between Homedale and the proposed terminus at Marsing, an unincorporated village of about 75 people. The applicant estimates the total population to be served at about 1,500, and states that the outbound tonnage will consist principally of potatoes, lettuce, and wheat, while inbound traffic will

be made up of coal, lumber, and agricultural implements, together with a small amount of general merchandise. An estimate of probable traffic submitted by the applicant gives a total outbound tonnage available for shipment during the present season of 1,005 carloads, moving to points in Colorado and to Missouri River gateways. Adding the probable inbound tonnage and a small amount of passenger traffic, the applicant estimates the gross revenues applicable to the extension the first year at \$20,345.01, increasing to \$29,563.34 at the end of the fifth year and amounting thereafter to \$32,500 per year. On this basis it estimates an increase in its gross system revenues, accruing from the main-line haul of this traffic, amounting to \$134,223.73 the first year and \$196,046.84 the fifth year.

It thus appears that while the extension, considered by itself, might not prove remunerative in its early years, it will serve as a valuable feeder to the applicant's main line and by providing necessary transportation facilities will develop a territory which is not at present directly reached by any line of railroad. The district is bounded on the east by the Snake River, and at present the only line of railroad in the vicinity is a line of the Caldwell Traction Company, an electric railroad which serves the territory east of the river. It terminates about 3 miles northeast of the river and is connected therewith by a sandy wagon road which presents a steep ascending grade from the river.

A location survey of the proposed route has been made, and the applicant states that no unusual or difficult engineering features are presented. The entire cost of the extension is estimated at \$211,100. Right of way valued at \$16,500 will be donated. No additional equipment will be required at present, and the applicant will finance the extension out of current funds. Average net railway operating income assignable to the extension for the first five years is estimated by the applicant at \$6,452.65 per year.

Upon the facts presented, we find that the present and future public convenience and necessity require the construction by the applicant of the extension herein described. Since the development of the traffic is likely to require some years and the investment will be considerable, it is proper that permission be granted to the applicant to retain for a period terminating not later than December 31, 1931, the earnings derived from the extension in excess of the amount provided in section 15a of the interstate commerce act, so far as such earnings are capable of being segregated in the applicant's accounts; but we shall require that construction be completed not later than September 1, 1922.

A certificate will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the construction and operation by the Oregon Short Line Railroad Company of an extension of its line of railroad as described in said application and report.

It is ordered, That said Oregon Short Line Railroad Company be, and it is hereby, authorized to construct and operate said extension.

It is further ordered, That said Oregon Short Line Railroad Company be, and it is hereby, permitted to retain for a period terminating not later than December 31, 1931, the earnings derived from such extension in excess of the amount provided in section 15a of the interstate commerce act, for such disposition as it may lawfully make of the same: *Provided, however,* That said Oregon Short Line Railroad Company shall so keep its books and accounts that the earnings derived from said extension can be segregated from those of the remainder of said company's lines and that the work of constructing said extension shall be completed not later than September 1, 1922.

71 I. C. C.

FINANCE DOCKET No. 102.

IN THE MATTER OF SETTLEMENT WITH THE ALABAMA
CENTRAL RAILROAD COMPANY UNDER SECTION 204
OF THE TRANSPORTATION ACT, 1920.

Submitted October 29, 1920. Decided May 3, 1922.

Computation of railway operating income under the provisions of paragraph (b) of section 204 discloses that the carrier did not sustain a deficit while under private operation in the Federal control period, and is not subject to the provisions of that section. Proceeding dismissed.

L. C. Britton for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Alabama Central Railroad Company, a corporation of the State of Alabama, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Jasper, Ala., and Fords, Ala., a distance of approximately 13 miles, its line connecting at Jasper, Ala., with the Northern Alabama Railroad, the Illinois Central Railroad, and the St. Louis-San Francisco Railroad, lines of railway or systems of transportation under Federal control.

The carrier was under Federal control from January 1, 1918, to May 20, 1918, inclusive, and was privately operated during the period from May 21, 1918, to February 29, 1920, inclusive. It had a non-competitive contract with the director general during the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$5,382.16. Our examination of the accounts for the period from May 21, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$4,047.07 before making the adjustments under the provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it

necessary to disallow \$9,815.01 of the maintenance expenditures during the period in question.

As the amount disallowed exceeds the excess of credits ascertained as due the carrier before making the adjustments necessitated by the provisions of section 204, we find that the carrier did not sustain a deficit in railway operating income for that portion (as a whole) of the period of Federal control during which it operated its own railroad or system of transportation, and is not therefore a carrier within the meaning of section 204. An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 835.

IN THE MATTER OF SETTLEMENT WITH THE TEXAS
MIDLAND RAILROAD UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted March 3, 1922. Decided May 3, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Texas Midland Railroad ascertained to be \$158,367.54. An amount of \$100,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$58,367.54. Certificate issued.

T. E. Corley for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Texas Midland Railroad, hereinafter termed the carrier, is a carrier by railroad which during the guaranty period engaged as a common carrier in general transportation in the State of Texas. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive. It is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or inter-urbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due

to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$158,367.54, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$142,194.61
One-half amount of annual compensation under Federal control act named in contract.....	20,865.03
Increase in compensation under section 4 of Federal control act	191.17
Total amount claimed.....	162,868.47

Adjustment:

One-half of amount claimed as annual compensation under Federal control act.....	\$20,865.03
One-half of amount allowed as annual compensation under Federal control act.....	20,965.03
Addition for annual compensation.....	100.00
Amount claimed for maintenance of way and structures and for maintenance of equipment..	\$253,163.61
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	252,533.25
Deduction for maintenance.....	630.36
Deduction on account of estimated items.....	3,970.57
Net deductions.....	4,500.93

Amount necessary to make good the guaranty..... 158,367.54

A certificate for partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$100,000 has been issued by us in favor of the carrier under date of April 11, 1921. The amount still due the carrier is, therefore, \$58,367.54, for which an appropriate certificate will be issued.

Certificate No. A-632 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Texas Midland Railroad, a corporation of the State of Texas, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$158,367.54 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$100,000 under one certificate, as follows: April 11, 1921, certificate No. A-401, \$100,000.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$58,367.54.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 3d day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 1720.

IN THE MATTER OF THE APPLICATION OF THE BANGOR
& AROOSTOOK RAILROAD COMPANY FOR A CERTIFI-
CATE OF PUBLIC CONVENIENCE AND NECESSITY
AUTHORIZING THE ABANDONMENT OF OPERATION
OF A PORTION OF A BRANCH LINE.

Submitted April 26, 1922. Decided May 3, 1922.

Certificate issued authorizing the abandonment, as to interstate and foreign commerce, of a portion of a branch line of applicant's railroad located in Piscataquis County, Me.

Henry J. Hart for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Bangor & Aroostook Railroad Company, a carrier by railroad subject to the interstate commerce act, engaged in operating a line of railroad located wholly in the State of Maine, on November 12, 1921, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to abandon operation of that portion of its branch line of railroad extending from a point a short distance north of the connecting and interchange tracks with the Canadian Pacific Railway at Brownville Junction to Katahdin Iron Works, a distance of 8.85 miles, all in Piscataquis County, Me. Three communications were received from interested parties stating that they desired to protest against the proposed abandonment. A hearing was held for us by the Public Utilities Commission of Maine. No one appeared at this hearing to oppose the application. Subsequent to the hearing the general counsel of the applicant addressed a communication to the chairman of the Maine Public Utilities Commission, a copy of which is filed in the docket, stating—

We will operate the line to Katahdin Iron Works with the same train schedules as heretofore until the regular time-table change is made in the fall. At that time, assuming that the Interstate Commerce Commission gives its approval thereof, we will abandon operations north of Brownville Junction for the winter and will not attempt to take up the same during the winter.

there is any material change in the surrounding conditions and circumstances, these matters can be brought to the attention of the railroad company, your commission, and the Interstate Commerce Commission. If, on the other hand, there is no change in existing conditions, the railroad company will plan to remove its rails in the summer of 1923. The foregoing suggestions, if adopted, will enable Mr. Green (who is mentioned in the testimony) to ship out the few remaining carloads of pulpwood which he has on hand, will give adequate notice of the abandonment of operations to the entire public and will make it possible to reopen the line should changed conditions come about during the winter, while on the other hand, the desired economies in maintenance can be had this year with further economies after the change in train schedules in the fall.

The Public Utilities Commission of Maine has filed with us its recommendation that the application be granted, subject to the conditions outlined in the letter above quoted.

Following the decision of the United States Supreme Court in *Texas v. Eastern Texas R. R. Co.*, March 13, 1922, which defines our jurisdiction in the matter of abandonment of lines located wholly in a State and engaged in both interstate and intrastate commerce, our finding and order in this proceeding will deal only with interstate and foreign commerce on the line here involved.

The portion of the branch line, the operation of which it is proposed to abandon, constitutes the north end of the railroad constructed by the Bangor & Katahdin Iron Works Railway Company from Milo Junction, now Derby, to Katahdin Iron Works, a distance of 19.03 miles. The applicant acquired control of this railroad, by lease, in 1892, and operated it as lessee until November 6, 1901, when it purchased the property, and has since operated it as owner. The line was built in 1881 and 1882 by the owners of an iron mine at Katahdin Iron Works for the purpose of providing transportation facilities for the products of the mine. This iron industry was abandoned in 1890 and has not furnished any traffic since. Efforts to secure a revival of operation at the mine have been unsuccessful. Woods operations have been conducted at Katahdin Iron Works station, or in the vicinity, for many years, consisting of cutting logs, birch, and pulp wood. Substantially all the logs were floated down Pleasant River and produced no rail traffic. Applicant states that the last log operator closed his operations last winter and that there is no present prospect of further log cutting in this locality. Large quantities of pulp wood have been cut for a number of years past, but the greater portion thereof has been driven down the river, only a small tonnage moving by rail. It is stated that none of this pulp wood is dependent upon the railroad for transportation, as it can all be floated down the river. Traffic over the mileage in question is, and will be, confined to a small quantity of pulp wood, and the transportation of inbound supplies for the lumbering camps.

The territory tributary to the line is described as rolling and rocky and it is stated that it would not make good farming land. The agricultural development has been unimportant. The population in the territory served is estimated by the applicant at 127. The maximum distance from any point on the line to a station on another railroad is approximately 9 miles.

For the six years ending December 31, 1921, the results of operation of the portion of the line proposed to be abandoned were: Gross revenues, \$40,572.08; operating expenses, \$64,344.06; deficit in net railway operating income, \$30,790.38. During the same period the total tonnage handled was 42,618 tons, of which 35,330 tons were pulp wood. Passenger revenues totaled \$17,586.63. The inbound traffic consisted of supplies for the woods camps, and the passenger revenues were derived from transporting crews for woods operations. The present service consists of one mixed train which makes the round trip between Brownville Junction and Katahdin Iron Works daily, except Sundays. It is stated that this train makes many trips without carrying any passengers.

It appears that the portion of the branch proposed to be abandoned is practically paralleled by a fairly good highway. It is stated that this highway is traveled by automobiles in summer, and in the winter is used for the purpose of hauling men and supplies. Applicant asserts that inbound supplies can be handled over this road by automobile trucks in the summer and by horse sleds in the winter. It appears that in woods operations it is not unusual to haul a much longer distance over poorer roads.

The territory served by this branch line is subject to heavy snowfall and it appears that operating expenses are largely increased during the winter on account of the necessity of keeping the tracks clear of snow. The same condition tends to increase the costs of maintenance. The applicant estimates that the abandonment of operation of this portion of the branch line would effect an annual saving in transportation costs of \$4,736.40, and would also relieve it of maintenance expenses, which it estimates would average \$6,910 a year for the next five years. In addition, it is stated that the bridge over Pleasant River would require replacement within the next five or six years at an estimated cost of \$21,686. It appears reasonably clear that the branch line in question will not develop sufficient traffic to justify its continued operation, in view of the substantial losses involved.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment as to interstate and foreign commerce of that portion of the applicant's branch line

FINANCE DOCKET No. 102.

IN THE MATTER OF SETTLEMENT WITH THE ALABAMA
CENTRAL RAILROAD COMPANY UNDER SECTION 204
OF THE TRANSPORTATION ACT, 1920.

Submitted October 29, 1920. Decided May 3, 1922.

Computation of railway operating income under the provisions of paragraph (b) of section 204 discloses that the carrier did not sustain a deficit while under private operation in the Federal control period, and is not subject to the provisions of that section. Proceeding dismissed.

L. C. Britton for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Alabama Central Railroad Company, a corporation of the State of Alabama, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Jasper, Ala., and Fords, Ala., a distance of approximately 13 miles, its line connecting at Jasper, Ala., with the Northern Alabama Railroad, the Illinois Central Railroad, and the St. Louis-San Francisco Railroad, lines of railway or systems of transportation under Federal control.

The carrier was under Federal control from January 1, 1918, to May 20, 1918, inclusive, and was privately operated during the period from May 21, 1918, to February 29, 1920, inclusive. It had a non-competitive contract with the director general during the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$5,382.16. Our examination of the accounts for the period from May 21, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$4,047.07 before making the adjustments under the provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it

necessary to disallow \$9,815.01 of the maintenance expenditures during the period in question.

As the amount disallowed exceeds the excess of credits ascertained as due the carrier before making the adjustments necessitated by the provisions of section 204, we find that the carrier did not sustain a deficit in railway operating income for that portion (as a whole) of the period of Federal control during which it operated its own railroad or system of transportation, and is not therefore a carrier within the meaning of section 204. An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 835.

IN THE MATTER OF SETTLEMENT WITH THE TEXAS
MIDLAND RAILROAD UNDER SECTION 209 OF THE
TRANSPORTATION ACT, 1920.

Submitted March 3, 1922. Decided May 3, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Texas Midland Railroad ascertained to be \$158,367.54. An amount of \$100,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$58,367.54. Certificate issued.

T. E. Corley for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Texas Midland Railroad, hereinafter termed the carrier, is a carrier by railroad which during the guaranty period engaged as a common carrier in general transportation in the State of Texas. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive. It is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due

to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$158,367.54, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$142, 194. 61
One-half amount of annual compensation under Federal control act named in contract.....	20, 865. 08
Increase in compensation under section 4 of Federal control act	191. 17

Total amount claimed.....	162, 868. 47
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Adjustment:

One-half of amount claimed as annual compensation under Federal control act.....	\$20, 865. 03
One-half of amount allowed as annual compensation under Federal control act.....	20, 965. 03
Addition for annual compensation.....	100. 00
Amount claimed for maintenance of way and structures and for maintenance of equipment..	\$253, 163. 61
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	252, 533. 25
Deduction for maintenance.....	630. 36
Deduction on account of estimated items.....	3, 970. 57
Net deductions.....	4, 500. 93

Amount necessary to make good the guaranty.....	158, 367. 54
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A certificate for partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$100,000 has been issued by us in favor of the carrier under date of April 11, 1921. The amount still due the carrier is, therefore, \$58,367.54, for which an appropriate certificate will be issued.

Certificate No. A-632 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Texas Midland Railroad, a corporation of the State of Texas, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act and that the carrier filed with the commission on or before March 5, 1920, a written statement that it accepted all of the provisions of section 209.

FINANCE DOCKET No. 2018.

IN THE MATTER OF THE APPLICATION OF THE
SHREVEPORT & NORTHEASTERN RAILWAY COMPANY
OF LOUISIANA FOR A CERTIFICATE OF PUBLIC CON-
VENIENCE AND NECESSITY AUTHORIZING IT TO CON-
STRUCT A LINE OF RAILROAD.

Submitted February 27, 1922. Decided May 4, 1922.

Public convenience and necessity not shown to require the construction of a proposed line of railroad in the parishes of Webster and Claiborne, La. Application denied.

W. F. Mayo for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Shreveport & Northeastern Railway Company of Louisiana, a corporation organized for the purpose of engaging in interstate commerce by railroad, on December 16, 1921, filed its application for a certificate that the present and future public convenience and necessity require, or will require, the construction and operation by the applicant of a line of railroad extending from Minden in Webster Parish, La., to a point near Junction City, on the Arkansas State line, a distance of 36 miles. The Public Service Commission of Louisiana advised us that no objection would be made to the granting of the application and the applicant stated that no hearing was desired. The case was therefore submitted without formal hearing.

The applicant was chartered under the laws of Louisiana in 1905, and during the following year its line of railroad was partially constructed between Minden and Homer, La., a distance of 20 miles. No work appears to have been done since that time. It now proposes to reconstruct this line and extend it to the State line, although the work of building the remaining distance between Homer and the Arkansas boundary will not be undertaken, it is stated, for some time. Applicant states that it has expended on the partially completed line \$111,184, and it estimates that the work remaining to be done will cost \$91,400. An amount of \$15,400 will be expended for secondhand equipment, and the remainder of the necessary rolling stock and the motive power will be leased. The estimate of con-

struction costs covers only the first 20 miles between Minden and Homer. No estimate of the cost of building the remaining mileage is furnished. The description of the proposed construction is lacking in some essentials and indicates an underestimate of the total cost, assuming that a reasonably adequate line is to be built. The applicant states that it desires to issue \$400,000, par value, of securities for the purpose of financing the work.

Applicant further states that it is impossible to estimate the volume of traffic which will be obtained, because of the fact that it is not now operating. The same answer is given with respect to revenues and expenses. No adequate consideration appears to have been given to the question of whether sufficient tonnage and revenues to support the line may be reasonably anticipated. The territory to be served is described as heavily timbered, with some good agricultural land and prospects for the successful development of oil and natural-gas industries. No estimate is furnished of the amount of timber tributary to the line and the character and volume of agricultural products available for shipment is not stated. An inference from general statements made is that the line will chiefly depend for tonnage upon the product of three sawmills which will be established after the line is completed. The incorporated towns which would be located on the line are Minden and Homer, with populations of 6,105 and 3,305, respectively, according to the census of 1920. The same census reports show that the rural population of Webster and Claiborne Parishes is 31.5 and 31.6, respectively, per square mile, and the value of all farm property per square mile of total area is \$11,688 and \$5,817, respectively. Homer is served by a line of the Louisiana & Northwest Railroad and Minden by the Louisiana & Arkansas Railway. The proposed line when completed would connect three north-and-south railroads, which are nearly parallel but converge slightly toward the south. Traversing the route of the proposed line the distances between existing lines are about 18 miles and 25 miles.

Applicant states that approximately one-fourth of the traffic which it would handle would be new business and that it expects to interchange considerable traffic with its connections at Minden and Homer.

The facts presented are not sufficient to enable us to form a reasonably accurate judgment of the possibilities of the proposed line or to indicate a reasonable prospect of success for the enterprise. The possibilities of development of the oil fields in this region are indicated by the development in adjacent areas, but there is nothing in the record to show that the proposed line will be of advantage to the development of that industry at the present time. Neither are

we advised of the extent to which lumber operations are being carried on in the territory affected nor the extent to which such operations are dependent for transportation facilities upon the construction of the proposed railroad. In the absence of definite information in these respects, it can not be said with any reasonable degree of certainty that the line would be self-sustaining. We are, therefore, unable to find that the present or future public convenience or necessity require or will require the construction of the line of railroad as proposed. An order will be entered denying the application.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application herein be, and it is hereby, denied.

71 I. C. C

FINANCE DOCKET No. 2278.

IN THE MATTER OF THE APPLICATION OF THE MORENCI SOUTHERN RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO ABANDON ITS LINE OF RAILROAD.

Submitted April 7, 1922. Decided May 4, 1922.

Certificate issued authorizing the abandonment, as to interstate and foreign commerce, of applicant's railroad in Greenlee County, Ariz.

Wm. Church Osborn for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Morenci Southern Railway Company, a carrier by railroad subject to the interstate commerce act, engaged in operating a line of railroad wholly in the State of Arizona, on March 8, 1922, filed an application for a certificate that the present and future public convenience and necessity permit the abandonment of its line of railroad in Greenlee County, Ariz. No objection to the granting of the application has been presented to us. The Arizona Corporation Commission has granted the applicant permission to abandon the line as to intrastate commerce.

Following the decision of the United States Supreme Court in *Texas v. Eastern Texas R. R. Co.*, March 13, 1922, which defines our jurisdiction in the matter of the abandonment of lines lying entirely within a State and engaged in both interstate and intrastate commerce, our finding and order in this proceeding will deal only with interstate and foreign commerce.

The railroad in question is a 36-inch gauge line extending from Guthrie in a northwesterly direction to Morenci, a distance of about 18 miles. It was originally constructed by the Detroit Copper Mining Company, a subsidiary of the Phelps-Dodge Corporation, to give that corporation an outlet for the product of its mines at Morenci. To the northeast of this line a range of hills extends its entire length. Just northeast of the hills is the 36-inch gauge line of the Arizona & New Mexico Railway, which runs to Clifton, where it connects with

the Coronado Railroad, an industrial road. These two lines successively parallel the applicant's line its entire length. When these lines were constructed it was not thought practicable to operate a line through the hills, but since their completion the Shannon Arizona Railway, another industrial road, has accomplished this, with the result that it is no longer necessary to operate applicant's line.

In November, 1908, the Detroit Copper Mining Company transferred the stock of the Morenci Southern to the El Paso & Southwestern Company and in 1921 the El Paso & Southwestern Company acquired ownership and control of the Arizona & New Mexico Railway which connects with the line of the El Paso Southwestern at Hachita, N. Mex. At the same time it appears that the Phelps-Dodge Corporation obtained ownership and control of all of the mining camps in the Morenci-Clifton district, including the Shannon Arizona Railway. The applicant states that the El Paso & Southwestern Company and the Phelps-Dodge Corporation are owned by substantially the same interests, and that at present the entire mining industry and industrial railroads are under control of the Phelps-Dodge Corporation and all the railways which are common carriers are under control of the El Paso & Southwestern Company.

It appears that the applicant has operated at a loss for several years, except in the year 1918, when, under abnormal conditions, a small profit was made. The traffic has been steadily decreasing. In 1917 a total of 91,211 tons was hauled; in 1918, 102,114 tons; in 1919, 44,906 tons; in 1920, 17,790 tons; and in 1921, 6,327 tons. The passenger traffic has decreased in like proportion. In 1917, 15,404 passengers were carried, decreasing to 4,257 in 1921. The total cost to the applicant of road and equipment up to December 31, 1920, was \$791,028.15. For the five years ending December 31, 1921, the total operating revenues were \$403,025.64, the total operating expenses, \$514,072.60, with a deficit in net railway operating income of \$144,607.04.

There are two towns on the line, one at each terminus. Guthrie, the southern terminus, has a population of about 30. This town is also served by the Arizona & New Mexico Railway. The applicant states that few shipments are handled either to or from Guthrie over its line. During the year 1921 only two shipments were made to Guthrie, the total weight being 300 pounds, and no shipments moved from Guthrie over the applicant's line. The applicant states that during normal times the population along its line, including Guthrie, will not exceed 70 people. Of this number the major portion reside in Guthrie, where they are employed by the two railroad companies.

Morenci, which is the northern terminus of the line, has a population of from 3,000 to 3,500. This city is served only by the line of the applicant. However, the Phelps-Dodge Corporation is the only commercial shipper in the community and it has given its consent to the proposed abandonment. If the abandonment is permitted, that company proposes to take over and operate as an industrial track that portion of the line extending from Morenci for a distance of about 5 miles where it connects with the Shannon Arizona Railway, thus giving it an outlet for its production.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment as to interstate and foreign commerce of the line of railroad herein described. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That as to interstate and foreign commerce the present and future public convenience and necessity permit the abandonment by the Morenci Southern Railway Company of its line of railroad between Guthrie and Morenci, Ariz., described in the application and report aforesaid.

It is ordered, That said Morenci Southern Railway Company be, and it is hereby, authorized to abandon said line of railroad as to interstate and foreign commerce.

It is further ordered, That said Morenci Southern Railway Company, when filing schedules canceling tariffs applicable to interstate and foreign commerce on said line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 2356.

IN THE MATTER OF THE APPLICATION OF THE CHESAPEAKE & OHIO RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted May 1, 1922. Decided May 6, 1922.

Authority granted to assume obligation and liability in respect of \$7,635,000 of Chesapeake & Ohio equipment-trust certificates, series T, by entering into a lease and an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Company (of Philadelphia); said certificates to be sold at 98 per cent of par and the proceeds used to procure certain equipment.

A. C. Rearick for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS METER, DANIELS, EASTMAN, AND POTTER.
By DIVISION 4:

The Chesapeake & Ohio Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$7,635,000 of Chesapeake & Ohio equipment-trust certificates, series T, by entering into an equipment-trust agreement under which the certificates will be issued, and a lease of certain equipment to be purchased. No objection to the granting of the authority requested has been presented to us.

The applicant represents that, in order to handle adequately its freight and passenger traffic and to perform its duty as a common carrier, it is necessary to acquire certain additional equipment. It proposes to procure for such purposes, at an approximate total cost of \$9,561,000, including freight, inspection, and other costs, the following equipment:

In pursuance of its plan to acquire such equipment Andrew S. Hannum and Granville H. Davis will procure the equipment from the builders and, as vendors, will sell, assign, and transfer it to the Commercial Trust Company (of Philadelphia). The trust company will deliver to the vendors, or upon their order for distribution to the subscribers to the equipment trust, Chesapeake & Ohio equipment-trust certificates, series T, in an amount equal to 80 per cent of the cost of the trust equipment but not exceeding \$7,635,000. The remainder of the purchase price and any deficiencies in the amount realized from the sale of the trust certificates will be paid in cash from moneys payable by the applicant under the terms of the equipment lease hereinafter mentioned.

The equipment-trust agreement, hereinbefore mentioned, a copy of which is filed with the application, will be dated April 15, 1922, and will be entered into by and between said Hannum and Davis, as vendors, the Commercial Trust Company (of Philadelphia), and the applicant. Pursuant to the terms of the trust agreement, the trust company, as trustee, will execute the trust certificates evidencing shares in such equipment trust. The certificates, \$509,000 of the principal amount of which will be payable on June 1 in each year from 1923 to 1937, inclusive, are to be in the denomination of \$1,000, payable to bearer, or may be registered as to principal, with dividend warrants attached entitling the holders to dividends at the rate of $5\frac{1}{2}$ per cent per annum from June 1, 1922, payable semi-annually on June 1, and December 1 in each year. The applicant will indorse on the trust certificates, substantially in the form given in the copy of the equipment-trust agreement so filed, its unconditional guaranty of the payment of the principal and the dividends thereon when the same shall become due and payable.

Simultaneously with the execution of the trust agreement the applicant will execute a lease with the Commercial Trust Company (of Philadelphia), dated April 15, 1922, a copy of which is filed with the application, whereby the latter will lease to the former the equipment procured from the vendors. This lease provides, among other things, that the lessee shall pay to the lessor (a) cash equal to the difference between the cost of the trust equipment delivered and the principal amount of trust certificates issuable in respect thereof, (b) the necessary and reasonable expenses of the trust, (c) amounts equivalent to the dividend warrants when and as the same shall become payable, and (d) \$509,000 annually on June 1 in each year from 1923 to 1937, inclusive. Until the payments provided for in the lease shall have been fully made and completed the lease shall continue in force and title to the trust equipment is to remain in the trust. The trust shall have no other requirements

shall have been complied with, the lease will terminate and the trust equipment become the absolute property of the applicant.

The trust certificates have been sold to Kuhn, Loeb & Company and the National City Company, of New York City, at 98 per cent of par, discounted as of June 1, 1922, the date from which the certificates begin to carry dividends. On such a basis the annual cost to the applicant will be approximately 5.84 per cent on the proceeds of the certificates.

We find that the assumption of obligation and liability by the applicant as hereinbefore described (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purpose of acquiring possession of, right to use, and ultimately title to, the equipment described in the aforesaid report, the Chesapeake & Ohio Railway Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$7,635,000, principal amount, of Chesapeake & Ohio equipment-trust certificates, series T, to be issued by the Commercial Trust Company (of Philadelphia), (a) by entering into an agreement, under date of April 15, 1922, with Andrew S. Hannum and Granville H. Davis, as vendors, and the Commercial Trust Company (of Philadelphia), creating said trust and providing for the issue of said certificates with dividend warrants attached; (b) by indorsing upon each of said certificates its unconditional guaranty of the payment of the principal thereof and of the dividends thereon; and (c) by entering into a lease of the trust equipment with the said Commercial Trust Company (of Philadelphia), thereby agreeing to pay rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially the same in form and in substance as the proposed agreement and lease filed with the application, and said certificates, dividend warrants, and guaranty to be substantially in the respective forms set forth in said agreement; said certificates to

entitle the bearer or registered owner thereof to a share in said trust and to semiannual dividends thereon at the rate of 5½ per cent per annum, to be dated June 1, 1922, to be in the denomination of \$1,000, and the principal thereof to be payable in installments of \$509,000 on June 1 in each year from 1923 to 1937, inclusive; said certificates to be sold at not less than 98 per cent of par, and the entire proceeds used in the acquisition of the said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission certified copies of the said equipment-trust agreement and of the lease of the trust equipment in the forms in which they were respectively executed.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the sale of said trust certificates; that for the period ending June 30, 1922, and for each three months' period thereafter, within 30 days after the close of each such period, it shall report the application of the proceeds of the said certificates; and for the period ending June 1, 1923, and each year thereafter, within 30 days after the close of each such period, it shall report the payment and cancellation of any such certificates; such reports to be rendered until all of the proceeds shall have been applied, and until all of said certificates shall have been paid and canceled; each report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said certificates, or dividends thereon.

FINANCE DOCKET No. 1120.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF REFUNDING AND GENERAL MORTGAGE BONDS AND TO PLEDGE SAME.

Submitted May 3, 1922. Decided May 9, 1922.

Authority granted to issue \$1,313,000 of refunding and general mortgage 6 per cent bonds, series A; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security, in whole or in part, for advances under section 209 of the transportation act, 1920, for loans under section 210 thereof, as amended, or for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Terms and conditions prescribed. Previous reports, 65 I. C. C., 697, and 67 I. C. C., 248.

A. R. Lawton for applicant.

SECOND SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Central of Georgia Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$1,313,000 of refunding and general mortgage 6 per cent bonds, series A, and to pledge them as collateral security for advances under section 209 of the transportation act, 1920, for loans under section 210 of that act, as amended, and for any note or notes that may be issued within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without our authority therefor having first been obtained. No objection to the granting of the application has been presented to us.

Section 4 of article 2 of the applicant's refunding and general mortgage, dated April 1, 1919, to the United States Mortgage & Trust Company, provides for the issue of \$31,462,300 of bonds for the purpose of refunding, exchanging, redeeming, purchasing, retiring, or paying certain underlying bonds, of which \$109,000 have been issued. By sections 6 and 7 of article 2 of said mortgage, bonds may be issued in respect of extensions and acquisitions to

the property of the applicant. Bonds amounting to \$1,395,000 have heretofore been issued by the applicant in respect of extensions and acquisitions, and the issue now proposed will not exceed the amount of bonds reserved for such purposes.

Since April 1, 1919, the applicant has acquired underlying bonds in the face amount of \$37,000. From January 1 to December 31, 1921, the applicant shows that it expended \$1,222,748.67 for additions and betterments to road, and \$52,924.43 for additions and betterments to equipment. The foregoing items, together with \$421.97 from prior periods, make a total of \$1,313,095.07 against which the applicant may draw down bonds. It proposes at the present time to issue \$1,313,000 of bonds, leaving \$95.07 as a credit for future authorizations.

The proposed bonds will be dated April 1, 1919, and will mature April 1, 1959. They will bear interest at the rate of 6 per cent per annum.

We find that the proposed issue of refunding and general mortgage bonds, series A, by the applicant, as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

SECOND SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized to issue not exceeding \$1,313,000, principal amount, of its refunding and general mortgage 6 per cent bonds, series A, under and pursuant to, and to be secured by, the refunding and general mortgage dated April 1, 1919, made by the applicant to the United States Mortgage & Trust Company, trustee; said bonds to be dated April 1, 1919, to bear interest at the rate of 6 per cent per annum, payable semiannually on April 1 and October 1 in each year, and to mature April 1, 1959; said bonds to be pledged and assigned, from time to time, in part or as a whole, as security for any loan, advance or advances that may be made to the applicant and its subsidiaries, and to be subject to the provisions of the 1921 Act.

any loan or loans that may be made to the applicant from the United States under section 210 of said act, as amended, or (c) for any note or notes which may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without the authorization of this commission having first been obtained, pledges of bonds for such note or notes to be in the ratio of not exceeding \$125 in value of bonds at the prevailing market price at the time of pledge, to \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such periods, the applicant shall report to this commission all pertinent facts relating to the issue of bonds as herein authorized, the pledge and/or repledge of said bonds, and the release thereof from pledge; each of said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 382.

IN THE MATTER OF SETTLEMENT WITH THE CHICAGO,
MILWAUKEE & ST. PAUL RAILWAY COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted November 7, 1921. Decided May 10, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Chicago, Milwaukee & St. Paul Railway Company ascertained to be \$23,111,528.05. An aggregate amount of \$14,297,702 having been certified for payment to that company as advances under paragraph (h) of said section, and an aggregate amount of \$8,137,190.05 as partial payments under section 212 of the act, the balance ascertained to be due the carrier is \$676,636. Certificate issued.

Burton Hanson and Chester E. Oliphant for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, hereinafter termed the carrier, is a steam-railroad company which, during the guaranty period, engaged as a common carrier in general transportation. The carrier's line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and the company is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 12, 1920, filed with us a written statement accepting all the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with a revised return and various supplemental statements, have been examined, and it has been ascertained that the debits and credits to the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination of the Federal control period. Proper adjustments have been made for the difference in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period, we applied the rule set forth in the proviso in

FINANCE DOCKET No. 460.

IN THE MATTER OF SETTLEMENT WITH THE ERIE TERMINALS RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920, AS AMENDED.

Submitted April 29, 1922. Decided May 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, are not applicable to the Erie Terminals Railroad Company. Proceeding dismissed.

C. P. Crawford for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Erie Terminals Railroad Company, hereinafter termed the company, is a corporation of the State of New Jersey which owns a line of road of 1.27 miles extending from Edgewater to Undercliff, N. J., together with approximately 6 miles of yard tracks and sidings, operated by and for the use of the New York, Susquehanna & Western Railroad Company under a contract whereby the latter company absorbs all the operating expenses and revenues in its accounts and pays the company 5 per cent interest on its property investment. The company filed a written statement with us on March 12, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it by the director general covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating company, the New York Susquehanna & Western Railroad, was fully compensated therefor under its contract with the director general. The latter company accepted the guaranty of section 209 and the provisions of that section will be fully applied to the result of operations of the company's property through the inclusion thereof in the operating company's accounts for the guaranty period.

We find that the provisions of said section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. Q.

FINANCE DOCKET No. 667.

IN THE MATTER OF SETTLEMENT WITH THE MOUNT
GILEAD SHORT LINE RAILWAY COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted May 4, 1922. Decided May 8, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Mount Gilead Short Line Railway Company. Proceeding dismissed.

W. C. Wishart for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

By DIVISION 4:

The Mount Gilead Short Line Railway Company, hereinafter termed the company, is a corporation of the State of Ohio. Its line of railroad consists of approximately 2 miles extending from the village of Mount Gilead, to the station of Gilead, Ohio. The property of the company was operated during the test and guaranty periods as a part of the Cleveland, Cincinnati, Chicago & St. Louis Railway, and the results of operation were included in the guaranty period accounts of the latter, no separate accounts being kept reflecting the results of operation of the company's property. Its property was leased to the Cleveland, Cincinnati, Chicago & St. Louis Railway Company on April 13, 1880, for a period of 20 years, renewable for similar periods not exceeding 99 years. The company does not file separate reports with us.

The company filed a written statement with us on March 15, 1920, accepting all the provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination thereof and compensation for its use under Federal control was covered by contract with the director general as a part of the line of the Cleveland, Cincinnati, Chicago & St. Louis Railway Company.

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company filed a statement in writing with us prior to March 15, 1920, accepting the provisions of section 209 of the transportation act, 1920, as provided in paragraph (b) of that section, and the results of operations in the guaranty period will be included in the accounts of said company.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 1120.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL OF GEORGIA RAILWAY COMPANY FOR AUTHORITY TO PROCURE AUTHENTICATION AND DELIVERY OF REFUNDING AND GENERAL MORTGAGE BONDS AND TO PLEDGE SAME.

Submitted May 3, 1922. Decided May 9, 1922.

Authority granted to issue \$1,313,000 of refunding and general mortgage 6 per cent bonds, series A; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security, in whole or in part, for advances under section 209 of the transportation act, 1920, for loans under section 210 thereof, as amended, or for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Terms and conditions prescribed. Previous reports, 65 I. C. C., 697, and 67 I. C. C., 248.

A. R. Lawton for applicant.

SECOND SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Central of Georgia Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$1,313,000 of refunding and general mortgage 6 per cent bonds, series A, and to pledge them as collateral security for advances under section 209 of the transportation act, 1920, for loans under section 210 of that act, as amended, and for any note or notes that may be issued within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without our authority therefor having first been obtained. No objection to the granting of the application has been presented to us.

Section 4 of article 2 of the applicant's refunding and general mortgage, dated April 1, 1919, to the United States Mortgage & Trust Company, provides for the issue of \$31,462,300 of bonds for the purpose of refunding, exchanging, redeeming, purchasing, retiring, or paying certain underlying bonds, of which \$109,000 have been issued. By sections 6 and 7 of article 2 of said mortgage, bonds may be issued in respect of extensions and acquisitions to

the property of the applicant. Bonds amounting to \$1,395,000 have heretofore been issued by the applicant in respect of extensions and acquisitions, and the issue now proposed will not exceed the amount of bonds reserved for such purposes.

Since April 1, 1919, the applicant has acquired underlying bonds in the face amount of \$37,000. From January 1 to December 31, 1921, the applicant shows that it expended \$1,222,748.67 for additions and betterments to road, and \$52,924.43 for additions and betterments to equipment. The foregoing items, together with \$421.97 from prior periods, make a total of \$1,313,095.07 against which the applicant may draw down bonds. It proposes at the present time to issue \$1,313,000 of bonds, leaving \$95.07 as a credit for future authorizations.

The proposed bonds will be dated April 1, 1919, and will mature April 1, 1959. They will bear interest at the rate of 6 per cent per annum.

We find that the proposed issue of refunding and general mortgage bonds, series A, by the applicant, as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

SECOND SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Central of Georgia Railway Company be, and it is hereby, authorized to issue not exceeding \$1,313,000, principal amount, of its refunding and general mortgage 6 per cent bonds, series A, under and pursuant to, and to be secured by, the refunding and general mortgage dated April 1, 1919, made by the applicant to the United States Mortgage & Trust Company, trustee; said bonds to be dated April 1, 1919, to bear interest at the rate of 6 per cent per annum, payable semiannually on April 1 and October 1 in each year, and to mature April 1, 1959; said bonds to be pledged and/or repledged, from time to time, in part or as a whole, as security (a) for any advance or advances that may be made to the applicant under the terms of the mortgage dated April 1, 1919, and

any loan or loans that may be made to the applicant from the United States under section 210 of said act, as amended, or (c) for any note or notes which may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without the authorization of this commission having first been obtained, pledges of bonds for such note or notes to be in the ratio of not exceeding \$125 in value of bonds at the prevailing market price at the time of pledge, to \$100, face amount, of notes.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such periods, the applicant shall report to this commission all pertinent facts relating to the issue of bonds as herein authorized, the pledge and/or repledge of said bonds, and the release thereof from pledge; each of said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 382.

IN THE MATTER OF SETTLEMENT WITH THE CHICAGO,
MILWAUKEE & ST. PAUL RAILWAY COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted November 7, 1921. Decided May 10, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Chicago, Milwaukee & St. Paul Railway Company ascertained to be \$23,111,528.05. An aggregate amount of \$14,297,702 having been certified for payment to that company as advances under paragraph (h) of said section, and an aggregate amount of \$8,137,190.05 as partial payments under section 212 of the act, the balance ascertained to be due the carrier is \$676,636. Certificate issued.

Burton Hanson and Chester E. Oliphant for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, Milwaukee & St. Paul Railway Company, hereinafter termed the carrier, is a steam-railroad company which, during the guaranty period, engaged as a common carrier in general transportation. The carrier's line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and the company is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier on March 12, 1920, filed with us a written statement accepting all the provisions of section 209.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with a revised return and various supplemental statements, have been examined, and it has been ascertained that the debits and credits to the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination of the Federal control period. Proper adjustments have been made for the difference in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amounts to be allowed for maintenance in the guaranty period, we applied the rule set forth in the proviso in

paragraph (a) of section 5 of the standard contract between the United States and the carrier, so far as practicable. We have not made any decrease in adjusting maintenance charges by reason of less intensive use of freight-train cars during the guaranty period, and have made an allowance on account of maintenance of electrical locomotives not fully measurable by the test-period operations. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income for either the test period or the guaranty period, and proper adjustment has been made on account of disproportionate items, under the provisions of paragraph 5 of section 209 (f). An estimate of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as amended. The report as a whole is based upon the principles announced in *Maintenance Expenses under Section 209*, 70 I. C. C., 115, decided July 12, 1921.

As a result of our investigation, it is ascertained that the amount which is necessary to make good the guaranty to the carrier is \$23,111,528.05, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$11, 833, 175. 88
One-half of annual compensation under Federal control act	13, 922, 163. 62
One-half of increase in annual compensation under section 4 of the Federal control act.....	864, 656. 33
Total amount claimed.....	<u>26, 619, 995. 83</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$36, 930, 511. 35
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	33, 480, 198. 13
Deduction for maintenance.....	3, 450, 313. 22
Amount claimed under section 4 of the Federal control act.....	\$864, 656. 33
Amount allowed under section 4 of the Federal control act.....	854, 062. 77
Deduction under section 4.....	10, 593. 56
Deduction for disproportionate items.....	47, 561. 00
Total deductions.....	<u>3, 508, 467. 78</u>

Amount necessary to make good the guaranty.....	<u>23, 111, 528. 05</u>
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Certificates for advances to this carrier under paragraph (h) of section 209, and for partial payments under section 212 of the transportation act, 1920, have been issued by us on dates and in amounts as follows:

Advances:

May 21, 1920	\$2, 285, 000. 00
June 24, 1920	4, 840, 000. 00
July 9, 1920	498, 000. 00
July 23, 1920	728, 245. 00
August 10, 1920	4, 935, 457. 00
August 27, 1920	1, 536, 000. 00
Total advances certified	14, 297, 702. 00

Partial payments:

February 28, 1921	637, 190. 05
March 11, 1921	2, 500, 000. 00
March 23, 1921	2, 000, 000. 00
May 28, 1921	3, 000, 000. 00
Total partial payments certified	8, 137, 190. 05

Total payments 22, 434, 892. 05

The amount still due the carrier is, therefore, \$676,636, for which an appropriate certificate will be issued.

POTTER, Commissioner, dissenting:

I dissent because in my opinion the majority report involves a repudiation of at least \$750,000 of debt which the Government justly owes.

Certificate No. A-633 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Chicago, Milwaukee & St. Paul Railway Company, a corporation of the State of Wisconsin, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$23,111,528.05 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209 (h) an aggregate amount of \$14,297,702 under six certificates, as follows:

May 21, 1920	\$2, 285, 000. 00
June 24, 1920	4, 840, 000. 00
July 9, 1920	498, 000. 00
July 23, 1920	728, 245. 00
August 10, 1920	4, 935, 457. 00
August 27, 1920	1, 536, 000. 00

paragraph (a) of section 5 of the standard contract between the United States and the carrier, so far as practicable. We have not made any decrease in adjusting maintenance charges by reason of less intensive use of freight-train cars during the guaranty period, and have made an allowance on account of maintenance of electrical locomotives not fully measurable by the test-period operations. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income for either the test period or the guaranty period, and proper adjustment has been made on account of disproportionate items, under the provisions of paragraph 5 of section 209 (f). An estimate of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as amended. The report as a whole is based upon the principles announced in *Maintenance Expenses under Section 209*, 70 I. C. C., 115, decided July 12, 1921.

As a result of our investigation, it is ascertained that the amount which is necessary to make good the guaranty to the carrier is \$23,111,528.05, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period.....	\$11, 833, 175. 88
One-half of annual compensation under Federal control act	13, 922, 163. 62
One-half of increase in annual compensation under section 4 of the Federal control act.....	864, 656. 33
Total amount claimed.....	26, 619, 995. 83

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$36, 930, 511. 85
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	33, 480, 198. 13
Deduction for maintenance.....	3, 450, 313. 22
Amount claimed under section 4 of the Federal control act.....	\$864, 656. 33
Amount allowed under section 4 of the Federal control act.....	854, 062. 77
Deduction under section 4.....	10, 593. 56
Deduction for disproportionate items.....	47, 561. 00
Total deductions.....	3, 508, 467. 78

Amount necessary to make good the guaranty.....	23, 111, 528. 05
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Certificates for advances to this carrier under paragraph (h) of section 209, and for partial payments under section 212 of the transportation act, 1920, have been issued by us on dates and in amounts as follows:

Advances:

May 21, 1920.....	\$2, 265, 000. 00
June 24, 1920.....	4, 340, 000. 00
July 9, 1920.....	493, 000. 00
July 23, 1920.....	728, 245. 00
August 10, 1920.....	4, 935, 457. 00
August 27, 1920.....	1, 536, 000. 00
Total advances certified.....	14, 297, 702. 00

Partial payments:

February 28, 1921.....	637, 190. 05
March 11, 1921.....	2, 500, 000. 00
March 23, 1921.....	2, 000, 000. 00
May 28, 1921.....	3, 000, 000. 00
Total partial payments certified.....	8, 137, 190. 05

Total payments.....	22, 434, 892. 05
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The amount still due the carrier is, therefore, \$676,636, for which an appropriate certificate will be issued.

POTTER, Commissioner, dissenting:

I dissent because in my opinion the majority report involves a repudiation of at least \$750,000 of debt which the Government justly owes.

Certificate No. A-633 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Chicago, Milwaukee & St. Paul Railway Company, a corporation of the State of Wisconsin, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$23,111,528.05 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209 (h) an aggregate amount of \$14,297,702 under six certificates, as follows:

May 21, 1920.....	\$2, 265, 000. 00
June 24, 1920.....	4, 340, 000. 00
July 9, 1920.....	493, 000. 00
July 23, 1920.....	728, 245. 00
August 10, 1920.....	4, 935, 457. 00
August 27, 1920.....	1, 536, 000. 00

and as partial payments under section 209 (g), as amended by section 212, an aggregate amount of \$8,137,190.05 under four certificates, as follows:

February 28, 1921-----	\$637, 190. 05
March 11, 1921-----	2, 500, 000. 00
March 23, 1921-----	2, 000, 000. 00
May 28, 1921-----	3, 000, 000. 00

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided in said section 209, in addition to the amount of advances and partial payments heretofore certified, as aforesaid, is \$676,636.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided by section 209.

Dated this 10th day of May, 1922.

71 I. C. C

FINANCE DOCKET No. 499.¹

IN THE MATTER OF SETTLEMENT WITH THE GREAT FALLS & TETON COUNTY RAILWAY COMPANY, GREAT NORTHERN TERMINAL RAILWAY COMPANY, MINNEAPOLIS BELT LINE COMPANY, MONTANA EASTERN RAILWAY COMPANY, AND GREAT NORTHERN EQUIPMENT COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted May 2, 1922. Decided May 10, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Great Falls & Teton County Railway Company, the Great Northern Terminal Railway Company, the Minneapolis Belt Line Company, the Montana Eastern Railway Company, and the Great Northern Equipment Company. Proceeding dismissed.

George H. Hess, jr., for the companies.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Great Falls & Teton County Railway Company is a corporation of the State of Montana, its line of steam railroad extending from Bynum to Pendroy, Mont., a distance of 8.73 miles. The Great Northern Terminal Railroad Company is a corporation of the State of Minnesota, its line of steam railroad, consisting of 3.71 miles, freight warehouse, and appurtenances, being wholly within the city of St. Paul, Minn. The Minneapolis Belt Line Company is a corporation of the State of Minnesota, its line of steam railroad, consisting of 37.8 miles of yard track and sidings, being at Minneapolis, Minn. The Montana Eastern Railway Company is a corporation of the State of Montana, its line of steam railroad lying within the States of Montana and North Dakota and consisting of 108.27 miles of main track.

The property of each of the companies above mentioned was operated by the Great Northern Railway Company as a part of its system of transportation during the test, Federal control, and guaranty periods, the latter company owning 100 per cent of the securities of each of the former. No written agreements were entered into between

¹ This report also includes Finance Dockets Nos. 500, 502, 633, and 657.

the other companies and the Great Northern Railway Company with reference to the operation of their properties, but the present arrangements for operation have been in effect for many years. No separate accounts are kept reflecting the results of the operations of the affiliated companies and they did not during the periods above mentioned file separate reports with the commission, their operations being included in the reports filed by the Great Northern Railway Company.

Each of the companies above mentioned, including the Great Northern Railway Company, filed a written statement with us on March 9, 1920, accepting all the provisions of section 209 of the transportation act, 1920. Their properties were under Federal control at the termination thereof and compensation for their use during the period of Federal control was covered by contract entered into between the Great Northern Railway Company and the Director General of Railroads.

Inasmuch as the Great Northern Railway Company accepted the provisions of section 209 as provided in paragraph (b) thereof and the results of operations of each of the affiliated companies during the guaranty period were consolidated with the accounts of the Great Northern Railway Company, we find that the provisions of section 209 are not applicable to said affiliated railway companies.

The Great Northern Equipment Company is a corporation of the State of Minnesota which owns equipment leased to and operated by the Great Northern Railway Company. Its entire capital stock is owned by that company. It is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern Railway Company for the use of such equipment is reflected in the accounts of the railway company. The Great Northern Equipment Company filed a statement on March 9, 1920, purporting to accept the provisions of section 209, but we find that the provisions of that section are not applicable in its case.

An order will be entered dismissing the proceeding.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

FINANCE DOCKET No. 1489.

IN THE MATTER OF THE APPLICATION OF THE CORECEIVER OF THE CHICAGO & EASTERN ILLINOIS RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING ABANDONMENT OF THE CHICAGO & INDIANA COAL RAILWAY DIVISION OF SAID RAILROAD.

Submitted April 1, 1922. Decided May 10, 1922.

Certificate issued authorizing the abandonment, as to interstate and foreign commerce, of the Chicago & Indiana Coal Railway division of the Chicago & Eastern Illinois Railroad.

Frank H. Scott, Edgar A. Bancroft, John E. MacLeish, and Walter S. Underwood for applicant.

R. B. Coapstick for Indiana State Chamber of Commerce and various industries.

John M. Quinlan for William E. Dee Clay Manufacturing Company.

Whicken & Whitehall for Harry E. Vandeventer, Davis Grain Company, and Albert Colb.

P. A. Stewart for Kickapoo Sand & Gravel Company.

Charles B. Riley for Indiana Grain Dealers Association.

Joe A. Stone for Lochiel Farmers Elevator Company.

J. O. Pape for W. F. Starz & Company and Wadena Grain Company.

W. J. Gilbert for Indiana Sewer Pipe Company.

Fred Lyons for Lyons, Rich & Light.

W. P. Carmichael and *Floyd E. Poston* for Carmichael Gravel Company and C. E. Poston Brick Company.

A. H. Bannister for Brownell Improvement Company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

Redmond D. Stephens, as coreceiver of the Chicago & Eastern Illinois Railroad Company, a carrier by railroad subject to the interstate commerce act, on June 16, 1921, filed an application for a certificate of public convenience and necessity, pursuant to para-

graph (18) of section 1 of the interstate commerce act, authorizing the abandonment of operation of the Chicago & Indiana Coal Railway division of the Chicago & Eastern Illinois Railroad. A large number of objections to the proposed abandonment have been filed with us by individuals, corporations, and organizations of business men and shippers interested in the operation of the line. A hearing was held for us by the Indiana Public Service Commission, and that commission prepared a proposed report which was served on parties of record. Exceptions to this report were filed and argued before us. While the application purports to be an application for authority to abandon operation, it has been treated by all parties as an application for authority to abandon the line and we will so consider it. The Chicago & Indiana Coal Railway division and the Chicago & Eastern Illinois Railroad Company will be hereinafter referred to as the coal road and the Illinois Company, respectively.

The coal road extends from Brazil, Clay County, in a general northerly direction to LaCrosse, Laporte County, passing through Vigo, Parke, Fountain, Warren, Benton, Newton, Jasper, and Porter Counties, with a branch therefrom extending from Percy Junction, Newton County, to a point on the Indiana-Illinois State line, comprising 162.1 miles of main track, all in the State of Indiana. Prior to 1894, the Chicago & Indiana Coal Railway Company, hereinafter called the coal-road company, owned the line in question. In March, 1889, the Illinois Company acquired all the outstanding capital stock of the coal-road company, and in June, 1892, the latter leased its railroad to the former for 99 years. On June 6, 1894, the Illinois Company and the coal-road company were consolidated under the name of the Chicago & Eastern Illinois Railroad Company.

On December 1, 1885, the coal-road company executed a mortgage of its properties to the Metropolitan Trust Company of New York and R. B. F. Pierce, as trustees, to secure an issue of first-mortgage 5 per cent bonds. Under this mortgage, bonds to the aggregate principal amount of \$4,626,000 have been issued and are outstanding. The aggregate principal amounts of the outstanding bonds of the Illinois Company are as follows: General refunding mortgage of July 1, 1905, \$18,019,000; general consolidated and first mortgage of November 1, 1887, \$21,343,000; first general mortgage of the Terre Haute Company of April 1, 1892, \$3,175,000.

On May 27, 1913, William J. Jackson and Edwin W. Winter were appointed receivers of the Illinois Company by the United States District Court for the Northern District of Illinois, Eastern Division, upon a creditors' bill. William J. Jackson is now sole receiver. Following the appointment of the receivers, a bill of complaint was filed in the same court by the Metropolitan Trust Company of New

York, trustee, to foreclose the mortgage of the coal-road company, dated December 1, 1885, and like bills were filed by the respective trustees under the mortgages of the Illinois Company. All of these bills of complaint were consolidated and the receivership extended to all of the properties of the Illinois Company covered by said mortgages. A final decree of foreclosure was entered on May 22, 1917, and such proceedings were had in the consolidated cause that all of the properties of the Illinois Company were sold separate and apart from the properties formerly owned by the coal-road company.

By the foreclosure decree entered May 22, 1917, the court found that the amount then due on the coal-road company's bonds was \$5,441,043.19. The coal-road company's mortgage was decreed to be a first lien upon all of the properties of the coal road, including a small amount of equipment which, it is claimed, has since become completely worn out. By the terms of the decree the mortgaged properties of both companies were divided into parcels, the properties of the coal-road company constituting parcel D. These parcels were ordered sold separately or in combination of parcels, in order that the coal road could be severed by such sale from the other properties of the Illinois Company's system.

Upon appeal by the Metropolitan Trust Company, trustee of the coal-road mortgage, the decree was affirmed by the United States Circuit Court of Appeals. That court found that the coal road was not essential to the Illinois Company's system and should be sold separately therefrom, but a slight modification of the decree was ordered to permit the sale, with the coal-road properties, of the connecting line from the Indiana State line to Momence, Ill., and a reasonable amount of equipment to operate the road, upon condition that the bondholders would pay to the receiver the appraised value thereof. The Metropolitan Trust Company refused to pay the appraised value of the connecting line and equipment.

On May 3, 1921, the court approved the master's sale of all of the properties, except parcel D, to a reorganization committee representing the security holders. No bid was made at the sale for parcel D, the properties of the coal-road company, although they were offered at the upset price fixed by the decree of \$10,000, free of all liens.

Following the sale a plan of reorganization was prepared, under which the properties purchased by the reorganization committee were to be conveyed to and operated by a new corporation called the Chicago & Eastern Illinois Railway Company. This plan made no provision for the holders of the bonds of the coal-road company. The reorganization plan was approved by us by order entered February 3, 1921, in *Securities of Chicago & Eastern Illinois Ry.*, 67
71 L. C. C.

paragraph (a) of section 5 of the standard contract between the United States and the carrier, so far as practicable. We have not made any decrease in adjusting maintenance charges by reason of less intensive use of freight-train cars during the guaranty period, and have made an allowance on account of maintenance of electrical locomotives not fully measurable by the test-period operations. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income for either the test period or the guaranty period, and proper adjustment has been made on account of disproportionate items, under the provisions of paragraph 5 of section 209 (f). An estimate of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920, as amended. The report as a whole is based upon the principles announced in *Maintenance Expenses under Section 209*, 70 I. C. C., 115, decided July 12, 1921.

As a result of our investigation, it is ascertained that the amount which is necessary to make good the guaranty to the carrier is \$23,111,528.05, as shown by the following statement:

Basis of claim:

Net railway operating deficit for guaranty period-----	\$11, 833, 175. 88
One-half of annual compensation under Federal control act	13, 922, 163. 62
One-half of increase in annual compensation under section 4 of the Federal control act-----	864, 656. 33
Total amount claimed-----	<u>28, 619, 995. 83</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment-----	\$36, 930, 511. 35
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	33, 480, 198. 13
Deduction for maintenance-----	3, 450, 313. 22
Amount claimed under section 4 of the Federal control act-----	\$864, 656. 33
Amount allowed under section 4 of the Federal control act-----	854, 062. 77
Deduction under section 4-----	10, 593. 56
Deduction for disproportionate items-----	47, 561. 00
Total deductions-----	<u>3, 508, 467. 78</u>

Amount necessary to make good the guaranty-----	23, 111, 528. 05
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Certificates for advances to this carrier under paragraph (h) of section 209, and for partial payments under section 212 of the transportation act, 1920, have been issued by us on dates and in amounts as follows:

Advances:

May 21, 1920-----	\$2, 265, 000. 00
June 24, 1920-----	4, 340, 000. 00
July 9, 1920-----	493, 000. 00
July 23, 1920-----	728, 245. 00
August 10, 1920-----	4, 935, 457. 00
August 27, 1920-----	1, 536, 000. 00
Total advances certified-----	14, 297, 702. 00

Partial payments:

February 28, 1921-----	637, 190. 05
March 11, 1921-----	2, 500, 000. 00
March 23, 1921-----	2, 000, 000. 00
May 28, 1921-----	3, 000, 000. 00
Total partial payments certified-----	8, 137, 190. 05

Total payments----- 22, 434, 892. 05

The amount still due the carrier is, therefore, \$676,636, for which an appropriate certificate will be issued.

POTTER, Commissioner, dissenting:

I dissent because in my opinion the majority report involves a repudiation of at least \$750,000 of debt which the Government justly owes.

Certificate No. A-633 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Chicago, Milwaukee & St. Paul Railway Company, a corporation of the State of Wisconsin, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$23,111,528.05 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209 (h) an aggregate amount of \$14,297,702 under six certificates, as follows:

May 21, 1920-----	\$2, 265, 000. 00
June 24, 1920-----	4, 340, 000. 00
July 9, 1920-----	493, 000. 00
July 23, 1920-----	728, 245. 00
August 10, 1920-----	4, 935, 457. 00
August 27, 1920-----	1, 536, 000. 00

that the Brazil district enjoys lower rates on coal to the Chicago market than any other coal fields, except those around Danville, Ill., and in northern Illinois, the coal tonnage has steadily declined except during the abnormal war period, when production was increased. It is claimed by the protestants that one of the causes for the diminishing revenues of the coal road was the fact that much of its traffic was diverted to the line of the Illinois Company.

The physical condition of the road is such as to make operation over it very expensive. Because of the weakened condition of bridges, sharpness of curves, and lightness of rail, the speed of trains is restricted and only the lighter type of locomotives can be used. There are at least two grades that have to be "doubled" regularly, i. e., the train is broken and taken over in sections. Operating expenses were reduced to a minimum and the train service has only been sufficient to take care of the traffic offered.

It appears reasonably clear that the territory traversed by the coal road is not productive of sufficient traffic to justify its operation as an independent line and that there is no reasonable expectation that the territory ever will produce sufficient tonnage to enable the property to pay its operating expenses. The road does not possess any equipment and is without funds to purchase equipment or meet the losses from operation.

There are 11 main-line railroads which cross the coal road, and certain sections of this railroad might be operated to advantage by connecting lines. Since the discontinuance of operation of the line, on December 31, 1921, that portion of the road from West Union to Brazil, a distance of approximately 28 miles, has been operated by the Chicago, Indianapolis & Western Railroad Company. It is stated that this was done under authority granted by the United States court. The operation of this segment affords transportation service to the clay-products plants at Mecca. This portion of the line is capable of producing considerable traffic and its permanent abandonment should be considered only as a last resort. If it can be taken over by a carrier or by persons who are able to finance its continued operation, an arrangement to that end should be made. No useful purpose would be served, however, by requiring the present applicant to attempt further operation, since the receiver has no equipment or funds. The issuance of our certificate will not preclude or prejudice the making of such an arrangement, but will leave the interested parties free to work out a feasible plan.

Following the decision of the United States Supreme Court in *Texas v. Eastern Texas R. R. Co.*, March 13, 1922, our finding and certificate in this proceeding will deal only with interstate and foreign commerce. The line in question is located wholly within the

State of Indiana and is not operated by a carrier engaged in interstate commerce, nor will any carrier in such commerce be affected by its continued intrastate operation.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment as to interstate and foreign commerce of the line of railroad herein described. A certificate to that effect will accordingly be issued.

EASTMAN, *Commissioner*, dissenting:

While I am in general agreement with the conclusions of the majority, I do not agree that the record affords justification for the conclusion that the present and future public convenience and necessity permit the abandonment as to interstate and foreign commerce of that portion of the road from West Union to Brazil which has been and is now being operated by the Chicago, Indianapolis & Western Railroad Company.

Certificate of Public Convenience and Necessity.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment, as to interstate and foreign commerce, of the Chicago & Indiana Coal Railway division of the Chicago & Eastern Illinois Railroad Company, described in the application and report aforesaid.

It is ordered, That said coreceiver be, and he is hereby, authorized to abandon said line of railroad as to interstate and foreign commerce.

It is further ordered, That said coreceiver, when filing schedules canceling tariffs applicable to said line of railroad, shall in such schedules make specific reference to this certificate by title, date, and docket number.

FINANCE DOCKET No. 2334.

IN THE MATTER OF THE APPLICATION OF THE
GEORGIA, ASHBURN, SYLVESTER & CAMILLA RAIL-
WAY COMPANY FOR A CERTIFICATE OF PUBLIC CON-
VENIENCE AND NECESSITY AUTHORIZING IT TO
ACQUIRE AND OPERATE A LINE OF RAILROAD.

Submitted May 4, 1922. Decided May 10, 1922.

Certificate issued authorizing the acquisition and operation of a line of railroad
between Ashburn and Camilla, Ga.

J. J. Hill for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4

The Georgia, Ashburn, Sylvester & Camilla Railway Company, a corporation organized to engage in interstate commerce by railroad, on April 7, 1922, filed an application for a certificate that the present and future public convenience and necessity require the acquisition and operation by the applicant of a line of railroad extending from Ashburn, Turner County, through Worth and Mitchell Counties to Camilla, all in the State of Georgia, a distance of 51 miles. No objection to the granting of the application having been filed, the case was submitted without formal hearing.

The line in question was formerly operated as a part of the Hawkinsville & Florida Southern Railway, which extended from Hawkinsville, Ga., to Camilla, Ga., and also included the 51 miles above described. On October 29, 1921, we issued a certificate authorizing the receiver of that company to abandon the operation of the entire line, *Abandonment of Hawkinsville & Florida Southern Ry.*, 70 I. C. C., 566, and thereafter service was discontinued in accordance with such authorization. In our report in that proceeding we suggested that the receiver first offer the entire line for sale as a going concern for continued operation, and if no satisfactory bid were received, he should then offer the road for sale in sections for continued operation. The applicant has been organized in order to make a bid for and to purchase the section first above described, the receiver having fixed the sum of \$125,000 as an upset price for that portion of the property.

The applicant asserts that the section of the road which it proposes to purchase has heretofore earned 70 per cent of the gross revenues of the entire line, and that the development of the territory served has always been hampered by lack of cooperation between the former management and the shippers and by other factors which will not be present under local management and operation. It is claimed that the future operation of this portion of the road will be attended by increased revenues and decreased operating expenses, and will show net earnings sufficient to provide a fair return upon a capitalization of \$600,000. It is proposed to issue common stock to that amount, a separate application for authority to issue the same being now pending before us. It is predicted that gross revenues for the first year will amount to \$114,565.04, operating expenses, \$77,938.26, and net railway operating income, \$19,293.92. Available freight traffic is estimated by the applicant at 51,468 tons for the first year of operation.

Considered as an enterprise involving new construction of 51 miles of line, it could hardly be said that the project promises the measure of success that should be shown in order to justify such an undertaking. However, the line is in existence, and apparently it can be made to serve several communities as to which the hardship of permanent abandonment was fully shown in the former proceeding. In view of the fact that the people who are dependent upon the line for transportation facilities desire to preserve the service, if possible, and are prepared to finance the plan and thus assume the burden, we think the applicant should be given the opportunity to undertake the operation of the property.

The applicant also asks permission to retain the earnings, if any, in excess of the amount provided by section 15a of the interstate commerce act. Under paragraph (18) of that section, however, the permission which we are authorized to grant is confined to newly constructed lines of railroad. The line in question having been in existence for a number of years prior to the effective date of the paragraph, we are without jurisdiction to grant this portion of the application.

A certificate will be issued in accordance with the foregoing.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclu-

sions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require the acquisition and operation by said Georgia, Ashburn, Sylvester & Camilla Railway Company of the line of railroad described in said report.

It is ordered, That said Georgia, Ashburn, Sylvester & Camilla Railway Company be, and it is hereby, authorized to acquire and operate said line of railroad.

It is further ordered, That said Georgia, Ashburn, Sylvester & Camilla Railway Company, when filing schedules establishing rates and fares to and from points on said line of railroad, shall in such schedules, make specific reference to this certificate by title, date, and docket number.

71 I. C. C.

FINANCE DOCKET No. 772.

IN THE MATTER OF SETTLEMENT WITH THE ROCK
ISLAND SOUTHERN RAILWAY COMPANY UNDER SEC-
TION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 11, 1922. Decided May 11, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Rock Island Southern Railway Company ascertained to be \$58,711.84. Certificate issued.

J. W. Walsh for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Rock Island Southern Railway Company, hereinafter termed the carrier, is a carrier by railroad which during the guaranty period engaged as a common carrier in general transportation in the State of Illinois. Its line of railroad connects with the lines of the Chicago, Rock Island & Pacific Railway Company at Rock Island, Ill., which latter road was under Federal control at the termination thereof. The lines of the carrier were also under Federal control and operation from January 26 to February 29, 1920, inclusive, and it is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920.

The property of the carrier was nominally under Federal control during the period January 1 to June 29, 1918, on which latter date it was relinquished and a so-called short-line cooperative contract of the standard form, for roads having competitive traffic, was entered into between it and the director general wherein the carrier waived its right to any compensation other than the cooperative benefits contained therein by reason of its operation during the period involved.

An agreement was entered into between the carrier and the director general covering the period of January 26 to February 29, 1920, during which its property was under Federal control and operation, although no formal contract was executed, whereby the carrier was to receive no compensation for the use of its property during said period and whereby the director general assumed no obligation with reference to maintenance or back pay of employees and that the arrangement was not to be considered as the taking of the carrier's property under Federal control.

The carrier filed with us a written statement accepting all the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that the debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof have been eliminated. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that proper adjustment has been made on account of disproportionate or unreasonable charges under the provisions of paragraph (5) of section 209 (f) of the transportation act, 1920. As a result of our investigation, it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$58,711.84, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$78,295.11
One-half of amount of annual net railway operating income for the test period	39,198.45
Increase in compensation under section 4 of the Federal control act	420.68
Amount claimed on account of an adjustment affecting the accounts of the test period which was audited by carrier during the year 1918	7,393.23
Amount claimed on account of adjustment of maintenance of way and structures and maintenance of equipment under paragraph (3) of subdivision (f) of section 209	16,019.65
Total amount claimed	140,485.76

Adjustments:

Net deficit in railway operating income for the guaranty period as claimed	\$78,295.11
Net deficit in railway operating income for the guaranty period as determined by us	66,545.04
Deduction for guaranty period	11,750.07
One-half amount of annual net railway operating income for test period as claimed	\$39,198.45
One-half amount of annual net railway operating income as determined by us	26,506.60
Deduction for test period	12,691.85
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Adjustments—Continued.

Deduction of amount claimed on account of an adjustment affecting the accounts of the test period which were audited by the carrier during the year 1918.....	\$7, 393. 23
Deduction of amount claimed on account of adjustment of maintenance of way and structures and maintenance of equipment under paragraph (3) of subdivision (f) of section 209	16, 019. 65
Deduction on account of disproportionate items under general expenses	5, 365. 00
Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$88, 203. 54
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	59, 228. 74
Deduction for maintenance.....	28, 974. 80
Addition of amount deducted under section 4 of federal control act	420. 68
Net deduction.....	81, 773. 92

Amount necessary to make good the guaranty..... 58, 711. 84

No certificates have been issued in favor of the carrier under section 209 (h) or under section 209 (g), as amended by section 212. The amount due the carrier, therefore, is \$58,711.84, for which an appropriate certificate will be issued.

Certificate No. A-534 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Rock Island Southern Railway Company, a corporation of the State of Illinois, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$58,711.84 is the amount necessary to make good to said carrier the guaranty provided for by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 11th day of May, 1922

FINANCE DOCKET No. 1111.

IN THE MATTER OF THE APPLICATION OF THE LOUISVILLE & JEFFERSONVILLE BRIDGE & RAILROAD COMPANY FOR AUTHORITY TO ISSUE FIRST-MORTGAGE BONDS.

Approved May 12, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

SUPPLEMENTAL ORDER.¹

Upon further consideration of the matters and things involved in this proceeding, and for good cause shown:

It is ordered, That the order of this commission herein, dated January 25, 1921, be, and it is hereby, amended so that the first-mortgage gold bonds of the Louisville & Jeffersonville Bridge & Railroad Company in the principal amount of \$162,000, the issue of which was authorized in said order, are authorized to be issued in respect of the additions and betterments set forth in the commission's supplemental report of March 31, 1922,² in Finance Docket No. 982.

It is further ordered, That the time within which the expenditures may be made for such additions and betterments be, and it is hereby, extended to and including December 31, 1922.

And it is further ordered, That, except as herein modified, said order of January 25, 1921, shall remain in full force and effect.

¹ See 65 I. C. C., 761.

² 71 I. C. C., 364.

FINANCE DOCKET No. 2342.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted May 10, 1922. Decided May 15, 1922.

Authority granted to assume obligation and liability, as guarantor and otherwise, in respect of \$9,300,000 of Southern Railway equipment-trust certificates, series W, to be issued by the Pennsylvania Company for Insurances on Lives & Granting Annuities (of Philadelphia, Pa.) under an equipment-trust agreement dated May 15, 1922, and sold at not less than 97½, in connection with the procurement of certain equipment.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Southern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$9,300,000 of Southern Railway equipment-trust certificates, series W, by entering into an equipment-trust agreement, under which the certificates will be issued, and a lease of certain equipment to be purchased. No objection to the granting of the application has been presented to us.

The applicant represents that additional equipment is needed to meet its transportation requirements, and proposes to acquire for such purposes, at an approximate total cost of \$11,736,640, the following equipment:

Description.	Number of units.	Unit cost.	Total cost.
Steel passenger coaches.....	40	\$20, 000	\$800, 000
Steel combined passenger-baggage cars.....	10	18, 000	180, 000
Steel baggage-express cars.....	26	12, 500	312, 500
Steel mail cars.....	26	16, 500	412, 500
Steel-underframe caboose cars.....	250	1, 800	450, 000
Steel-underframe box cars.....	6, 182	1, 550	9, 582, 100
Total.....			11, 737, 100

Further representation is made that should applicant be able to obtain any abatement in the unit prices, the surplus funds thus
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made available will be used to procure additional steel-underframe box cars, which will be subjected to the equipment trust.

In pursuance of its plan to acquire such equipment, Edward T. Stotesbury will procure the equipment from the builders and will lease it to the railway company. He will also enter into an agreement with the Pennsylvania Company for Insurances on Lives & Granting Annuities, as trustee, and the Southern Railway Company, creating the Southern Railway Company equipment trust, series W, and will assign and set over to the trustee his interest in and to the lease of such equipment, and all right, title, and interest in and to the cars thus leased, reserving to said Stotesbury the cash payment of \$2,669,140 to be made pursuant to the lease, which payment will be used in part payment for such equipment.

The trustee will execute and deliver to Drexel & Company of the city of Philadelphia, for distribution to the subscribers to the equipment trust, Southern Railway equipment-trust certificates, series W, in an amount not exceeding \$9,300,000. The remainder of the purchase price amounting to \$2,669,140 will be paid in cash under the terms of the lease of said equipment.

The equipment-trust agreement hereinbefore mentioned, a copy of which is filed with the application, will be dated May 15, 1922, and will be entered into by and between the parties aforesaid. Pursuant to the terms of the trust agreement the Pennsylvania Company for Insurances on Lives & Granting Annuities, as trustee, will execute the trust certificates evidencing shares in such equipment trust. The certificates are to be in the denomination of \$1,000, payable to bearer or registered as to principal, \$310,000 of the principal thereof to be payable in semiannual installments, beginning November 1, 1922, and ending May 1, 1937, and have dividend warrants attached, entitling the holders to dividends at the rate of 5½ per cent per annum from May 15, 1922, payable semiannually on May 1 and November 1 in each year.

By the terms of the trust agreement, the applicant will indorse on the trust certificates to be issued thereunder, substantially in the form given therein, its unconditional guaranty of the payment of the principal and dividends thereon when the same shall become due and payable.

Prior to or simultaneously with the execution of the trust agreement, the applicant will execute a lease with Edward T. Stotesbury, under date of May 15, 1922, whereby the latter will lease to the former the equipment procured from the builders. A copy of the lease is filed with the application, and provides, among other things, that the lessee shall pay to the lessor (a) upon demand on or after May 15, 1922, \$2,669,140 in cash; (b) necessary and reasonable ex-

penses of the trust; (c) amounts equivalent to the dividend warrants, when and as the same shall become payable; and (d) \$310,000 semiannually, beginning October 31, 1922, and ending April 30, 1937.

Until the payments provided for in the lease shall have been fully made and completed, the title to the trust equipment is to remain in the trustee. When all the requirements shall have been complied with and upon additional payment of \$1 the trustee will sell, assign, and transfer, or cause to be transferred, all the equipment subject to the lease, whereupon it will become the absolute property of the applicant.

The trust certificates have been sold to Drexel & Company of the city of Philadelphia at 97½ per cent of par. On such basis the annual cost to the applicant will be approximately 5.9 per cent on the proceeds of the certificates.

We find that the assumption of obligation and liability by the applicant as hereinbefore described (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purpose of acquiring possession of, right to use, and ultimately title to, the equipment described in the aforesaid report, the Southern Railway Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$9,300,000, principal amount, of Southern Railway equipment-trust certificates, series W, to be issued by the Pennsylvania Company for Insurances on Lives & Granting Annuities (a) by entering into an agreement under date of May 15, 1922, with Edward T. Stotesbury, as vendor, and the Pennsylvania Company for Insurances on Lives & Granting Annuities, creating said trust, and providing for the issuance of said certificates, with dividend warrants attached; (b) by indorsing upon each of said certificates its unconditional guaranty, in the form set forth in the application, of the payment of the principal thereof and of the dividends thereon; and (c) by entering into a lease of the trust equipment with the said

Edward T. Stotesbury, thereby agreeing to pay upon demand, on or after May 15, 1922, \$2,669,140 in cash, and thereafter rent sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms set forth in said agreement; said certificates to entitle the bearer or registered owner thereof to a share in said trust, and to semiannual dividends thereon at the rate of 5½ per cent per annum, to be dated May 15, 1922, and to be in the denomination of \$1,000; \$317,000, principal amount, of said certificates to mature semiannually, beginning November 1, 1922, and ending May 1, 1937; said certificates to be sold at not less than 97½ per cent of par and dividends accrued to the date of sale, and the entire proceeds used in the acquisition of the said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission certified copies of said equipment-trust agreement and lease of the trust equipment in the forms in which they were respectively executed.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the sale of said trust certificates; for the period ending June 30, 1922, and for each three months' period thereafter until all of such proceeds have been used, within 30 days after the close of each such period, the application of the proceeds of the said certificates; and for the period ending November 1, 1922, and each six months' period thereafter, to and including May 1, 1937, within 30 days after the close of each such period, the payment and cancellation of any of said certificates; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said trust certificates or dividends thereon.

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FINANCE DOCKET No. 124.

IN THE MATTER OF SETTLEMENT WITH THE CAZENOVIA SOUTHERN RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided April 21, 1922.

The amount payable to the Cazenovia Southern Railroad Company under the provisions of section 204 is ascertained to be \$7,187.52, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. Certificate issued.

G. R. Haley for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cazenovia Southern Railroad Company, a corporation of the State of Wisconsin, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Lavalles and Cazenovia, Wis., a distance of approximately 6 miles, its line connecting at Lavalles with the Chicago & North Western Railway, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is entitled to the benefits of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The return of the carrier under our circular of March 4, 1920, was incomplete, no information being shown in Table III with respect to determination of the excess of credits due the carrier for the period from July 1, 1918, to February 29, 1920. Our examination of the accounts shows the net credit to the carrier for that period to be \$10,390.64 before making the adjustments under paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the adjustment of maintenance charges, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and carriers under Federal control, we find it necessary to disallow \$3,203.12 of the maintenance charges during the period in question.

We find that the sum of \$7,187.52 is payable to the carrier under paragraphs (f) and (g) of section 204 of the transportation act, 1920, from which no amount is deductible as due to the President, as operator of transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept this amount in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-94 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Cazenovia Southern Railroad Company, hereinafter termed the carrier, is a corporation of the State of Wisconsin, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$7,187.52.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 21st day of April, 1922.

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FINANCE DOCKET No. 929.

IN THE MATTER OF THE APPLICATION OF THE BOSTON
& MAINE RAILROAD FOR A LOAN FROM THE UNITED
STATES TO AID IN PROVIDING NEW EQUIPMENT
AND OTHER ADDITIONS AND BETTERMENTS.

Submitted May 1, 1922. Decided May 16, 1922.

Upon supplemental application and consideration thereof, report of November 20, 1920, 65 I. C. C., 402, further amended so as to provide redistribution of the loan for equipment.

J. H. Hustis for applicant.

SECOND SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

On December 10, 1921, we issued our supplemental report in this proceeding, 70 I. C. C., 679, authorizing a rearrangement of the purposes of that part of the loan for new equipment and for additions and betterments to way and structures. With respect to that part of the loan for new equipment the carrier desired to eliminate certain freight and switching locomotives and with the proceeds of the loan allotted to this purpose, together with a saving which could be effected on basis of the then existing price of the remainder of the equipment to be acquired, consisting of two Mallet switching locomotives, desired to purchase certain passenger-train cars. This we authorized.

On May 1, 1922, the carrier's president, by letter, applied for a further rearrangement and redistribution of this part of the loan to include the following additional equipment units:

2 type 0-8-0 switching locomotives,
22 steel passenger coaches,
8 steel smoking cars,
3 steel baggage and smoking cars,
1 steel baggage and mail car,

which, on basis of present prices, the carrier can acquire without the necessity of a further loan.

After investigation, we find that the acquisition by the Boston & Maine Railroad of the additional equipment units, as aforesaid, is 71 I. C. C.

necessary in order to enable it properly to serve the transportation needs of the public; and that our report of November 20, 1920, as supplemented December 10, 1921, should be further supplemented to authorize the expenditure of the proceeds of that part of the loan for new equipment, namely, \$1,212,500, for the following units:

	Unit cost.	Amount.
22 type 0-8-0 switching locomotives.....	\$32,400	\$712,800
2 type 0-8-8-0 Mallet switching locomotives.....	60,750	121,500
65 steel passenger coaches.....	20,700	1,345,500
20 steel smoking cars.....	20,070	401,400
8 steel baggage-smoking cars.....	19,000	152,000
5 steel baggage-mail cars.....	17,750	88,750
25 milk cars, passenger equipped.....	9,110	227,750
Total.....		3,049,700
Amount of loan by United States.....		1,212,500
To be financed by carrier.....		1,837,200

Contracts for this equipment have not been closed in all instances, and we recognize that while the number of units remains the same, prices may vary slightly before the purchase is concluded. Therefore, in reporting to us the expenditures from the loan, the carrier is authorized to take into consideration necessary and desirable adjustments so long as the program is fulfilled substantially as hereinabove set forth.

No further amendment to our certificate No. 45 of November 24, 1920, to the Secretary of the Treasury is necessary.

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FINANCE DOCKET No. 1165.

CHICAGO JUNCTION CASE.

APPLICATION OF THE NEW YORK CENTRAL RAILROAD COMPANY FOR APPROVAL OF PURCHASE OF STOCK, LEASE OF PROPERTY, AND OPTION TO PURCHASE STOCK OR PROPERTY.

Submitted April 5, 1922. Decided May 16, 1922.

1. Acquisition by the New York Central Railroad Company of control of the Chicago River & Indiana Railroad Company, by the purchase of its capital stock, approved and authorized subject to certain conditions.
2. Acquisition by the Chicago River & Indiana Railroad Company of control of the Chicago Junction Railway, by lease, approved and authorized subject to certain conditions.
3. Application of the New York Central Railroad Company for authority to purchase the capital stock or physical properties of the Chicago Junction Railway Company denied without prejudice to future proceedings.

Robert J. Cary and Sidney C. Murray for applicant.

Silas H. Strawn and Frederick C. Hack for Chicago Junction Railway Company and Chicago River & Indiana Railroad Company.

Luther M. Walter for intervening carriers.

Irving Herriott, Butler, Lamb, Foster & Pope, and E. S. Ballard for certain interveners.

C. G. Austin, jr., for Belt Railway Company, and *Walter L. Fisher* for Chicago Railway Terminal Commission.

REPORT OF THE COMMISSION.

BY THE COMMISSION:

The New York Central Railroad Company, hereinafter termed the Central, a carrier by railroad subject to the interstate commerce act, on December 28, 1920, filed its application for approval of the following proposed transactions:

(a) The purchase by the Central of all of the capital stock of the Chicago River & Indiana Railroad Company, hereinafter termed the River Road;

(b) The leasing to the River Road of the properties (owned and leased) of the Chicago Junction Railway Company, hereinafter termed the Junction, for a term of 99 years and thereafter, at the option of the lessee, in perpetuity;

(c) The granting to the Central by the Junction of an option to purchase all of the capital stock of the latter or all of the properties to be leased as last above set forth.

The application recites that it is filed pursuant to the provisions of paragraphs (18) to (22), inclusive, of section 1, and of paragraph (2) of section 5, of the interstate commerce act. No representations were made by any State authority for or against the granting of the application. Public hearings were held at Chicago and at Washington and all interested parties were given opportunity to be heard. At the opening of the hearing, interventions in opposition to the application were filed by the following trunk lines entering Chicago from the east and southeast: Baltimore & Ohio Railroad Company; Chesapeake & Ohio Railway Company; Chicago, Indianapolis & Louisville Railway Company; Chicago & Erie Railroad Company; Grand Trunk Western Railway Company; Pennsylvania Railroad Company; Pittsburgh, Cincinnati, Chicago & St. Louis Railroad Company; and Wabash Railway Company. Two groups of shippers also intervened, one in opposition to the application and the other taking a neutral position. In addition there were filed separate written indorsements of individual corporations and firms, comprising about 90 per cent of the 400 shippers served by the Junction and the River Road, urging our approval of the proposed plan. About 30 of these indorsements were subsequently withdrawn. The Chicago Railway Terminal Commission was also represented during a portion of the hearings.

The record, which is voluminous, established the following facts: The territory served by the Junction and River Road lines is entirely within the so-called Chicago switching district, and is treated in the application as dividing naturally into five groups, of which two are of primary importance for the purposes of this proceeding, namely, the central manufacturing district and the stockyards group. The other three comprise the sections north from the stockyards to Fifteenth Street, east to Lake Michigan and southwest to Central Park Avenue, respectively, including what is known as the Kenwood manufacturing district. The Central now controls by stock ownership the Indiana Harbor Belt Railroad, hereinafter termed the Harbor Belt, which is located for the most part outside of Chicago and connects the Central main line with the River Road at Elsdon and with that road and the Junction at Forty-ninth and Oakley Streets and again with the latter line at Forty-ninth and Morgan Streets. The other eastern trunk lines, intervening in this proceeding and competing with the Central for line-haul traffic, connect with the terminal facilities afforded by the Junction and River Road either directly from their own rails or by means of other belt lines, namely,

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the Belt Railway of Chicago, controlled by a group of carriers, the Chicago & Western Indiana Railroad, likewise so controlled, and the Baltimore & Ohio Chicago Terminal Railway, owned by the Baltimore & Ohio Railroad. The Junction and River Road properties, the Elgin, Joliet & Eastern Railroad, and the Illinois & Northern Railroad comprise the only independently owned terminals in the Chicago switching district. The Junction and River Road handle traffic to and from all of the 23 trunk lines entering Chicago.

The nucleus of the present Junction system was constructed in 1865 by the stockyards interests, which operated the property up to 1887, all of the trunk lines entering the yards for both inbound and outbound traffic. From 1887 to 1893 the lines were operated by a transfer association controlled by the carriers. The stockyards company resumed operation from 1893 to 1897, in which year the properties were leased to the Chicago & Indiana State Line Railroad Company for 50 years, and in 1898 the lines were merged with the Chicago, Hammond & Western Railroad Company under the corporate name of Chicago Junction Railway Company. In 1907 the Junction sold the Chicago, Hammond & Western properties to the Harbor Belt.

Besides serving the stockyards and Packingtown, the Junction performs terminal service for all the carriers in reaching the Central manufacturing district, which as an institution has been in existence for about 15 years and has 180 industries, producing a tonnage of over 100,000 carloads per year and 100,000 tons per year of less-than-carload freight. This district is in the geographical center of the city and is capable of accommodating not less than 500 additional industries and of producing more than twice the present annual tonnage of freight.

The movement of live stock in and out of the Junction yards is essentially different from the method of handling the dead freight, in that each carrier moves its trains to the unloading chutes with its own power, and goes into the pens for outbound stock destined for its own line. All parties concede that that is the only practical method of handling that traffic. In the case of dead carload freight inbound, the line-haul carrier places its loads in the Junction yards at Ashland Avenue, where they are picked up by Junction engines and crews and moved to the point of unloading. Outbound carloads are picked up by the Junction crews at team and industry tracks and moved to its Forty-ninth Street classification yards, then taken out and classified for destination by the line-haul carriers, each of which has in such yards an appropriate number of tracks designated to receive its traffic. For outbound less-than-carload shipments the Junction maintains a union freight station at Fifteenth Street and Western Avenue, where any number of packages can be drayed by a shipper

and billed to destination on as many different trunk lines to any point in the United States or Canada. Such shipments are collected by the Junction in a car or cars for each carrier and delivered to the proper track in the classification yards as in the case of car load freight. A trap-car service is also maintained. Dressed meats from Packingtown are handled through the yards in like manner, each packer looking after the cleaning and icing of its own empty cars at a convenient point on the Junction rails. The Junction performs no function as to routing of a shipment, either carload or less-than-carload, and if through inadvertence a shipment is offered without routing it is held for instructions. Each carrier makes regular scheduled trips to the classification yards to leave and pick up its own line-haul freight, the number of trips per day depending upon the volume of business handled by the individual carrier. Thus the Junction organization performs purely a switching service as to those movements, the charges therefor constituting a part of the through rates published by the line-haul carriers. The Junction lines also serve an important purpose in providing facilities on a trackage basis for the interchange of traffic passing through the Chicago gateway. However, with the growth of the industrial switching business, the increased density of traffic has produced such a congestion as to make it desirable to perform certain services at points farther out on the belt lines. Earnings of the Junction in the past have not been such as to permit the expansion of its facilities to meet the growing requirements of the district served, and this is true as to interchange as well as switching and team-track facilities.

The position of the Central and the grounds upon which it relies for the support of its application may be summarized as follows:

The Central lines are vitally in need of additional downtown terminals in Chicago, which it can not now build up for itself because of the preemption of real estate and the high level of land values, rendering the cost of new construction prohibitive. A terminal property must necessarily be constructed before, and not after, an industrial development takes place. The Junction and River Road properties have a strategic location which can not now be duplicated, and could not be reproduced at any price. To bring under a common control these properties and the Harbor Belt would greatly promote the public interest by providing the necessary "balance" between the inner industrial movement afforded by the former and the transfer, interchange, and classification facilities available and potential on the rails of the latter. The Junction properties are incapable of expansion so as to afford adequate facilities for interchange and classification, since the district in which they lie is highly developed and intensively used, whereas the Harbor Belt has or can

acquire additional space for the building of yards. The inner and outer properties are therefore complementary and in no sense competitive, but can only be operated to the best advantage by bringing them under common control. This expansion at outlying points would permit the inner group to extend further its team-track facilities and enable a more expeditious use of the less-than-carload facilities of the stockyards group. The gain to shippers on the Junction would be found in the greater accessibility of the outer-belt facilities of the Harbor Belt and the expansion of inner facilities made possible by the removal of outer-belt facilities from the inner district. Inbound traffic, for example, would be brought first to outer classification yards on the Harbor Belt and there made up into trains for the 12 districts served by the inner lines. Other services now performed by the Junction in the congested area would be performed on the outer belt, to the great relief of the present Junction facilities.

The intervening carriers contend, in effect, and offer proofs tending to show, that the plan is contrary to public interest because the Junction and River Road lines are now neutral and open to all carriers and shippers on equal terms; that the plan would substitute monopoly of these facilities for the present neutrality of operation, to preserve which the transportation act, 1920, was designed, as evidenced by paragraph (4) of section 3 of the interstate commerce act, as amended; that the live-stock market requires open operation of the facilities serving the stockyards, and the shippers in the district must have competitive service by neutral terminals; that the car supply for the district can not and will not be handled fairly by the Junction if controlled by the Central; that the latter will be able by means of such control to divert a large volume of competitive line-haul traffic to its own rails, thereby causing the intervening carriers to lose earnings to such an extent as to necessitate advanced rates; and that such carriers have an equity in the properties by reason of having contributed to the Junction's earnings. They offer to combine with the Central in a joint control of the properties on the basis of their fair value.

The group of shippers intervening in opposition express the belief that they will not, under the proposed plan, continue to enjoy existing routing privileges or receive equal service from all trunk lines entering Chicago, but will be forced to route over the Central as a matter of self-protection.

The second group of intervening shippers are desirous of preserving intact the present organization of the Junction and the same impartial service which they now enjoy and desire that the Central bind itself to accept certain conditions designed to insure that result.

The Chicago Railway Terminal Commission fears that the project may prove deterrent to the adoption of the city's plan, not yet formulated, for the unification and coordination of all Chicago terminals, the establishment of universal freight stations, and other measures which may hereafter be adopted to relieve congestion in the downtown shipping district, and would prefer to have the Junction and River Road properties remain neutral pending the outcome of its investigations and the adoption, by legislation or otherwise, of a comprehensive policy.

As to values, the Central offered proofs tending to show that the present cost of reproduction of the River Road properties exceeds \$3,000,000. Deducting the funded unmatured debt of \$891,428.57 as of the date of the application, would leave an equity, it is asserted, of more than \$2,000,000, represented by the capital stock of the par value of \$500,000, for which the Central proposes to pay \$750,000. Further proofs tend to show a present cost of reproduction for the Junction properties, including the value of its leases, of considerably more than \$33,000,000, represented in the proposed plan by the capitalization at 6 per cent of the \$2,000,000 rental.

Estimates were introduced showing separately the cost of reproduction and cost less depreciation of road and equipment and the land values of the properties. Reproduction cost new was obtained by applying to the several quantities, as per inventory of the Bureau of Valuation, an average price for the year 1914, and applying thereto a multiple averaging 2.26 times the 1914 price, to obtain the cost new as of 1920. To these results were added normal percentages for engineering, general expenditures, and interest during construction, and depreciation was applied to the whole in accordance with methods approved by the Bureau of Valuation. Adding structural going-concern value, materials and supplies, and working capital, a grand total of over \$18,000,000 was obtained as the value of the Junction road and equipment, except land, and the corresponding figure for the River Road was, by the same methods, placed at over \$2,000,000. An elaborate study of land value was presented and analyzed at some length by experts in Chicago real-estate values the conclusion being that the lands of the Junction are valued in excess of \$23,000,000 and those of the River Road at over \$1,500,000. Further opinion evidence was given as to the commercial or market value of the properties from the standpoint of the Central and the additional worth of such properties to it because of the uses to which they can be devoted in developing the Central's traffic, the contention being that the value of the properties to the Central is greatly in excess of that value which may be assigned to them for rate-making purposes.

It appears that the investment cost of the Junction property is impossible of accurate statement, because no proper accounts were set up until 1905, and since that time, it is stated, various important items have failed to find their way into the investment in road and equipment on the company's books. The investment reported by the Junction in 1920 for the purposes of the proceedings in *Ex parte 74 (Increased Rates, 1920, 58 I. C. C., 220)*, was slightly in excess of \$6,000,000. There is also evidence that the Junction officials as late as 1919 considered it proper to claim a value for rate-making purposes of something over \$17,500,000. Our Bureau of Valuation has not yet completed its tentative report on the properties pursuant to section 19a of the act.

Under all the circumstances it is not feasible to make a definite finding of value in this proceeding which shall be taken and accepted as a final judgment in the matter, and the conclusion herein reached renders such a finding unnecessary.

On all the facts of record it is concluded that for the purpose of this proceeding only we may accept the position of the Central that the market value of the properties to the Central and its affiliated companies at this time is such as to justify the payment of a rental based on something more than the value for capitalization or rate-making purposes. That is by no means saying, however, that its figures are to be accepted as the basis for permanent capitalization or for rate making, or that the Central is to be permitted to capitalize the intangible values by paying, through the River Road, permanent fixed charges on the basis of the market value claimed. Since the values are not at this time capable of definite settlement, it follows that such part of the application as relates to the purchase of the capital stock or the physical properties of the Junction will not be granted herein, but will be reserved for future treatment at such time as the Central may desire to renew its application in that respect, following the final determination of values under section 19a of the act.

It remains to discuss the disposition which should be made of those portions of the application which relate to the acquisition of the capital stock of the River Road by the Central and the proposed lease to the former of the properties of the Junction.

There are grave objections to an unconditional approval of the plan under consideration. Much testimony was adduced at the hearings, and divergent opinions were expressed, as to the relative merits of cooperative, singly controlled, and independently controlled terminals. That discussion need not be reproduced here. The policies and plans of the city with respect to the general terminal situation have not yet fully developed, and it is obviously impossible

for any one to determine at this time the ultimate goal which ought to be attained. It is believed, however, that pending final determination of future policies, the greatest good can be attained by the continuance, for the time being, of the competitive terminal situation. This can be best accomplished by bringing the present neutral Junction properties into closer relation with a trunk line like the Central. The Central's terminal facilities are relatively inadequate as compared with the competitor eastern trunk lines, but the Central controls extensive facilities for classification and interchange which are complementary to the Junction properties. The stronger competition and the connection between the Junction properties and the Harbor Belt facilities which would thus be brought about, would not only insure to the shippers of the Junction the necessary expansion and elasticity of facilities, together with the assistance of an interested trunk line in times of car shortage, and other emergencies, but would also remove congestion from the closely hemmed-in district served by the Junction and thus open facilities for expedition in the handling of traffic in and out, and also for handling traffic from one part of the city to another. It has been held that where such a transaction as the present one would clearly facilitate the movement of traffic through a highly congested district, the circumstances that other carriers would suffer a loss of revenue is not controlling. *People ex rel. New York Central R. R. Co. v. Public Service Commission*, 183 N. Y. S., 930.

There are in the record ample grounds for the belief that the Junction can no longer solve its problems without outside assistance. On the other hand, it is believed that the benefits pointed out by the Central can be made to accrue to the public by the consummation of the proposed plan. A prime factor in the situation is the circumstance that the general policy on all terminals in Chicago is that of equal opportunity afforded to all connecting carriers irrespective of the ownership or control of a given terminal property by a single trunk line or by a group of trunk lines. Traffic is handled for all carriers in the same way and on the same terms, so that a shipper on terminals owned by a single carrier has the utmost freedom in routing via competing lines and apparently receives the same measure of service whether his shipment moves over the lines of the owning carrier or those of a competitor. Those shippers who appeared in opposition express the fear that they will not be accorded like treatment by the Central. The present management of the Central disclaimed any intention of making any changes in the method of handling competitive traffic or the general plan of operating the Junction properties, and those assurances may be taken at their face value, especially since the contrary policy would clearly be against the self-interest of the Central, in that it would thereby lose the good will of

the shipper. There is, of course, every indication that the Central will be able to build up its own line-haul traffic as the result of its connection with the management of the Junction, and it by no means follows that harm to the public may result from legitimate effort and initiative to that end.

But we are not prepared, in any event, to authorize the consummation of the plan without making assurance doubly sure by the imposition of certain conditions. Those conditions relate partly to the method of operation of the property and partly to the treatment of the transaction by the corporations participating therein. Among the number are those matters enumerated by the shippers who have asked an approval of the plan with the understanding that certain agreements already made by the Central will be adhered to. Other matters were suggested by the group of shippers who took a neutral attitude at the hearing, such matters being agreed to on the record by the applicant; and still others suggest themselves from the standpoint of an administrative body, as necessary in order to safeguard the public interest in the future. Stated concretely, the conditions are:

1. The Central will be required to maintain a separate corporate identity and organization for the combined properties of the Junction and River Road so that the two shall constitute a separate operating entity with a responsible management located in Chicago in order to preserve for the shipper the present direct access to the railroad officials.

2. The present neutrality of handling traffic inbound and outbound by the Junction and River Road organization shall be continued so as to permit equal opportunity for service to and from all trunk lines reaching Junction rails, without discrimination as to routing or movement of traffic which is competitive with the traffic of the Central, and without discrimination against such competitive traffic in the arrangement of schedules.

3. The present traffic and operating relationships existing between the Junction and River Road and all carriers operating in Chicago shall be continued, in so far as such matters are within the control of the Central.

4. For the purpose of assessment of switching charges, the Junction and River Road shall continue to be treated as a single line to the same extent as at present, so that the carrying out of this plan will not in and of itself result in increasing the charge to any shipper for the service.

5. Subject to subsisting car-service regulations, cars made empty on the rails of the Junction and River Road shall be available for outbound loading in the same manner and to the same extent as at present, irrespective of routing.

6. Whenever additional cars are required for outbound loading, because of inadequacy of available car supply on the Junction and River Road rails at any given time, for any cause, orders for such additional cars shall be accepted from the shipper by the local Junction organization and by it promptly transmitted to the designated trunk line without discrimination, and all cars ordered by and delivered to the Junction shall be promptly moved to the shippers by the Junction without discrimination on account of proposed routing.

7. The Junction shall accept, handle, and deliver all cars inbound and outbound, loaded and empty, without discrimination in promptness or frequency of service as between cars destined to or received from competing carriers and irrespective of destination or route of movement.

8. The National Code of Demurrage Rules, as in effect from time to time, including the average agreement, shall be applied by the Junction and River Road to each industry served by either of them on all inbound and outbound cars irrespective of what carrier or carriers may be interested in the line haul.

9. Shippers served by the Junction and River Road shall be entitled to the same basis of switching charges as prevails in the Chicago switching district generally, and no attempt shall be made to establish any different basis of local or connecting-line switching charges than that which prevails in the Chicago switching district generally for the same or similar service under substantially similar conditions.

10. No change shall be sought in the present method of basing rates to and from the Chicago switching district as a single point upon which rates are now based without regard to the character of the movement in and out of such district.

11. Present trap-car arrangements for the transfer of less-than-carload freight at the Junction union station, at connecting-line freight stations, or at connecting points reached by the Junction and River Road, shall be continued, but this condition shall not apply to routine changes in management and operation of trap-car service.

12. Continuance of present operating arrangement on the Junction properties shall include the maintenance of existing shipping and billing arrangements at the Junction union freight station, so far as such arrangements are within the control of the Junction.

13. The Junction shall, if ordered by us, establish station facilities for the receipt of inbound less-than-carload freight at a point convenient and accessible to shippers wishing to make use of the same, to which freight may be delivered by all trunk-line carriers, without discrimination, and there distributed through the medium of the Junction's operating force.

14. Neither the approval of the purchase by the Central of the stock of the River Road for the sum specified nor of the leasing to the latter of the properties of the Junction, shall be taken as establishing or tending to establish the fair value of the respective properties in any other proceeding, nor shall anything herein contained be construed as a finding that the annual rental to be paid by the River Road for the lease of the Junction properties is just and reasonable.

15. The carrying out of the plan as authorized herein shall be taken to be without prejudice to the adoption of any plan or plans in the future by the city of Chicago, by us, or by any other public agency, for unified or coordinated terminals, and neither the Central, the River Road, nor the Junction shall urge the authority herein given or the situation resulting therefrom as a ground for opposition to such plan or plans of said city, our plans, or those of any other public agency.

16. Nothing contained in this authorization shall be taken as permitting the River Road and Junction properties to be considered as a part of a single system with that of the Central for any of the purposes of section 15a or section 20a of the act.

17. Any party or any person having an interest in the subject matter may at any future time make application for such modification of the above conditions, or any of them, as may be required in the public interest, and jurisdiction is retained to reopen the proceeding on our own motion for the same purpose.

Subject to the observance of the above conditions, we find that the acquisition by the Central of the capital stock of the River Road and the leasing to the River Road of the properties (owned and leased) of the Junction will be in the public interest.

An order will be issued in accordance with the foregoing.

DANIELS, Commissioner, concurring:

I concur in the result reached in this report. I am, however, of opinion that the report should recognize explicitly that the application should have been entertained under section 1, paragraph 18, of the act; and that in accordance therewith a certificate of public convenience and necessity should be incorporated in the order entered.

I am authorized to state that **COMMISSIONER CAMPBELL** concurs in the views expressed above.

HALL, Commissioner, concurring in part:

If the powers of Congress are not adequate to deal with such a terminal situation as will result under the authorization here given, then they are not adequate to deal with the terminal situations which exist to-day in Chicago and many another city. The Penn-

sylvania, the Baltimore & Ohio, the North Western, for example, already have what the New York Central seeks in the way of lodgment, and, if it could not be dislodged, neither can they. If the powers of Congress are adequate, but those granted to this commission as its agency are not, additional grant will be needed to meet existing conditions quite as much as to meet those which would result from the proposed acquisition.

No solution of the Chicago terminal problem can be suggested which will not have to take into account the existing terminals of the 23 line-haul carriers serving that city as well as "independent" terminals like the Junction. Seven of the 23, competitors of the New York Central, are marshaled in opposition to what it seeks, but ready to join it in the acquisition and leave out the rest of the 23. The "neutrality" of the Junction will not be changed in respect of live stock, which constitutes about 35 per cent of its traffic. That has long been moved by each line-haul carrier to and from the stockyards over the Junction's rails and, as appears in the majority report, "all parties concede that that is the only practical method of handling that traffic." Acquisition by the New York Central may ultimately facilitate rather than impede solution by more nearly equalizing the respective contributions of the line-haul carriers to the looked-for "joint and cooperative terminal."

The facts warrant grant of authority without elaboration of conditions. Those imposed in the majority report seem to me vain, perhaps harmful, except Nos. 15 and 16, which should suffice if any are needed. I refrain from discussing the points of law. They will doubtless be settled by competent authority when occasion arises.

MEYER, *Commissioner*, dissenting:

The Chicago Junction Railway and Chicago River & Indiana Railroad are now open terminals. According to the uncontradicted testimony the Junction is the best type of open terminal to be found anywhere in the United States. What the majority approves in this report may in the future restrict the use of and close these terminals to competitors on equal terms. That is why I can not concur in the report.

To be sure there are conditions in the order the intended purpose of which is to prevent the imposition of restrictive features in the use of the Junction Railway. I am not satisfied that those conditions can be adequately enforced, or that their enforcement, because of the necessary inflexibility when they are imposed as conditions, will not unduly hamper operations within the terminal.

The future of our railroads and the character of their service to the public depend largely upon the manner in which terminals will be used. For many years cases involving the use of terminal prop-

erties by competitive railroads have been before us. The one insuperable obstacle to the free use of terminals as reflected in these cases has been the insistence on the part of the owning carriers upon their technical legal rights, as a result of which much injustice has been done to individual shippers and the free development of industry hampered. Railroad companies seem to take the view that the public use of terminal properties is more limited than the use of their other properties devoted to the public service. The familiar distinctions between and differences in treatment of competitive and noncompetitive traffic, short-hauling, and other considerations, have been invoked in order to defeat what in my judgment the commerce of this country clearly requires. My personal views regarding certain features of terminal situations are perhaps more fully reflected in our report in the *Peoria & Pekin Union case*, 26 I. C. C., 226, than in some of the other terminal cases, and need not be restated here. Among the leading cases on this subject the following may be mentioned: *Associated Jobbers of Los Angeles v. A., T. & S. F. Ry. Co.*, 18 I. C. C., 310, April 5, 1910; *Manufacturers Ry. Co. v. St. L., I. M. & S. Ry. Co.*, 21 I. C. C., 304, June 21, 1911; *Merchants & Manufacturers Asso. v. P. R. R.*, 23 I. C. C., 474, May 14, 1912; *Morris Iron Co. v. B. & O. R. R. Co.*, 26 I. C. C., 240, December 2, 1912; *St. Louis, Springfield & Peoria R. R. v. P. & P. U. Ry. Co.*, 26 I. C. C., 226, February 10, 1913; *Manufacturers Railway Co. v. St. L., I. M. & S. Ry. Co.*, 28 I. C. C., 93, June 21, 1913; *Buffalo, Rochester & Pittsburgh Ry. v. Pennsylvania Co.*, 29 I. C. C., 114, December 3, 1913; *Waverly Oil Works Co. v. P. R. R. Co.*, 28 I. C. C., 621, December 3, 1913; *Traffic Bureau of Nashville, Tenn., v. L. & N. R. R. Co.*, 28 I. C. C., 533, December 9, 1913; *Manufacturers Railway Co. v. St. L., I. M. & S. Ry. Co.*, 32 I. C. C., 100, July 10, 1914; *City of Nashville v. L. & N. R. R. Co.*, 33 I. C. C., 76, February 1, 1915; *Louisville Board of Trade v. L. & N. R. R. Co.*, 40 I. C. C., 679, July 5, 1916; *Richmond Chamber of Commerce v. S. A. L. Ry.*, 44 I. C. C., 455, April 28, 1917; *The New York Harbor case*, 47 I. C. C., 643, December 17, 1917.

In the instant case the New York Central management has manifested a commendable departure from the old theories of restrictive and selfish use of railroad terminals by their owners, but although the applicants have agreed to conditions which, if made effective, would prevent in large part the ancient evils, there is and can be no adequate guaranty that through the imposition of switching charges, car supply, hours of interchange, and other means the commerce of Chicago tributary to the Junction may not some day be burdened by the assertion of individual rights of the owners acquired through this proceeding.

Before we can grant authority, under the transportation act, 1921 for this transaction, we must appear affirmatively and the pub
T. C. C.

interest will be thereby promoted. It is not sufficient to show that no detrimental effects will follow. The sole advantages pointed out by the majority report are the acquisition of additional downtown terminals in Chicago by the Central, the operation of the Junction and Harbor Belt as a unit with the corollary opportunity for expansion upon the outer belt, and the direct financial backing of a proprietary trunk line. The present terminals are open to the Central on the same terms as are afforded other roads. The prophesied advantages of unified operation are vague and indefinite, potential rather than actual. No complaint has been made as to present service or facilities, and there is evidence that the existing properties are not now used to full capacity. The remoteness of the hinted advantages which are the necessary basis for our approval is indicated by the terms of the order which eliminate from the transaction all prospect of present public gain by rigid maintenance of the existing times and places of interchange, and compulsory adherence to existing operating conditions.

The problem of terminals can not be solved in a year. It is a continuing one capable of solution only gradually by successive steps in the right direction in each locality. The present may prove to be a serious step in the wrong direction.

COMMISSIONER ATCHISON authorizes me to state his concurrence in this dissent.

EASTMAN, *Commissioner*, dissenting:

This proceeding has to do with a terminal railroad property in the city of Chicago serving the greatest market for live stock and packing-house products in the world and an industrial district already highly developed and capable of much expansion. For many years this property has been operated independently with financial profit to its owners and to the satisfaction of its trunk-line connections and of the shippers which it serves, and it is so operated at the present time.

It is now proposed, in effect, to transfer this property in perpetuity to one of its trunk-line connections, the New York Central, by means of a lease at a rental of \$2,000,000 per year. We are asked to certify under paragraph (18) of section 1 of the interstate commerce act that public convenience and necessity require this transfer, and also to approve it under paragraph (2) of section 5. There is nothing in either the report or order of the majority that purports to be or is a certificate of public convenience and necessity and it must be assumed, therefore, that the order is based on paragraph (2) of section 5. In my judgment such a transfer as is contemplated is subject to paragraph 6 rather than paragraph (2) of section 5, and can not lawfully be approved by us until a plan of consolidation has been adopted

under paragraph 5 of that section. However, in view of the conclusion which I have reached with respect to the merits of what is proposed, I shall not undertake to discuss questions of law at this time.

The rental of \$2,000,000 per year is equivalent to 6 per cent upon \$33,333,333. There is nothing of record to show that the actual investment in this terminal property has been much in excess of \$6,000,000 and it clearly appears that by far the greater part of the investment has been derived from surplus earnings. The compensation to be paid for the property is thus very high, and in itself is reason for scrutinizing the transaction with great care. I am not in accord with the theory that the right of railroads or other public-utility companies to a return, through the medium of charges for the service which they furnish, upon unearned increment in real-estate values or upon property representing the investment of surplus earnings is unqualified or unlimited. In this instance it appears that the earnings of the property have been almost wholly derived from trackage or switching charges which have been paid or absorbed by the trunk-line connections. It follows that they have not been a matter of concern to shippers and that their reasonableness has not been tested.

The suggestion was made on argument that if owners of a property have an opportunity to dispose of it on advantageous terms, it would be an invasion of their constitutional rights if we should refuse to permit the transaction to be consummated. The fallacy of the suggestion is obvious. Owners may have a constitutional right to sell if they can find a purchaser willing and able to buy, but railroad corporations clearly have no constitutional right to buy. The question before us is not whether the owners of this terminal property may sell, but whether the New York Central may purchase. If public control had been exercised over similar purchases by the New York, New Haven & Hartford, great economic waste might have been avoided. The suggestion that such control would have been an invasion of constitutional rights is not one that will appeal to the good sense of the community.

But I do not rest my dissent either upon questions of law or upon questions of price. A fundamental issue of policy is at stake. The proposed transaction is strongly urged by the New York Central and with equal energy condemned by the competing trunk lines. It is opposed by some of the interested shippers and favored, on paper at least, by more. To my mind, however, a most significant and important fact is the opposition of the Chicago Railway Terminal Commission, an official commission of the city of Chicago, created by ordinance and charged with the duty of studying the railway terminal situation, both passenger and freight, in that city.

We are here dealing with a problem which, in many of its aspects, is essentially local and for that reason, if for no other, the views of this Chicago Railway Terminal Commission would be entitled to great weight. They are the more persuasive, however, because they are the views of men of known reputation and ability who have made a study of the railway terminal situation, not only of Chicago, but of many of the more important cities of the United States, Canada, and Europe, and because they are views which in themselves have force because of their intrinsic merit.

The Chicago commission is impressed, as a result of its investigations, by the vast importance of the railway terminal problem in this country and the opportunities which its proper solution offers for the elimination of waste and the improvement of service. The following passages from its preliminary report indicate the trend and the basis of its views:

With respect to terminal facilities and services, at least, the advantages of competition seem negligible when compared with its disadvantages. * * *

The complete application of the competitive system to railway freight terminals falls of its own weight. Each road can not secure and maintain terminal facilities covering the entire terminal area of such a city as Chicago. It can not secure, maintain, and operate adequate facilities in each and every section or district within the metropolitan terminal area where important freight traffic is to be had. In many cases this is physically impracticable, and in many more cases it is financially impracticable. Nevertheless, the attempt is made—under existing methods—to cover as much as possible of the entire field by separate and competitive terminals, with the resultant complication of facilities, and a financial investment not justified by the revenue earned.

* * * In the terminal district of Chicago as a whole—and the same thing applies to other cities—the unnecessary complication of terminal facilities and operating costs is so extensive that it is appalling in its effect upon the railroads, the shippers and the public; and the future outlook along these lines is by many—in and out of railroad service—believed to be becoming worse and worse. The investments by railroads in unused or little used property to protect real or fancied competitive positions or interests, is also a source of great expense to the railroads and ultimately to the public—although not often fully realized as such. The interest on these investments is absorbed in the general interest charges on the entire property and is thus lost sight of as being an expense due to unproductive investments, nor is due allowance made for the natural accretion in the value of such property, which is often withheld from profitable use for considerable periods of time.

If the terminal situation were treated cooperatively instead of competitively, there would be an immediate simplification of the tangled network of tracks that now exist; the release for general commercial purposes of much valuable property now held by railroads for present competitive purposes or prospective competitive needs; the reduction of operating costs in the terminal handling of freight and the increase of efficiency. To the public this would mean not only the improvement of the service to the shippers, but the reduction of the street congestion and the removal of existing obstacles to the growth and development of the city.

And by such reasoning it arrives at the following general conclusion:

It is already clear, however, that the key to the solution of our railway terminal problem—with respect to freight as well as with respect to passengers—is to be found in the substitution of joint and cooperative terminals for separate and competitive terminals; this substitution to be brought about not by some sudden or drastic adoption and execution of a complete revolutionary plan covering the whole railway terminal situation, but by such steps as may be taken from time to time with due regard to financial and operating conditions. Certain important steps of this character undoubtedly can and should be taken at once or in the near future for the establishment of cooperative terminals and the readjustment of existing terminals to conform to correct principles of terminal development. *But the essential thing is that from now on no steps shall be taken in the opposite direction, thus creating unnecessary barriers to proper development in the future.*

In its opinion, the issue in this proceeding is “whether it will be more in the public interest to have the Chicago Junction Railway controlled by a single terminal agency controlling also the other terminal facilities within the Chicago terminal district, or to have the Chicago Junction Railway controlled by a single trunk line such as the New York Central Railroad. Or, rather, the issue is whether if the former be the better public policy the acquisition of the control of the Chicago Junction Railway at this time by the New York Central Railroad will constitute an obstacle to the future adoption and development of the sounder public policy.” The Chicago commission answers this latter question in the affirmative; but it asks and earnestly urges that for our own guidance and the guidance of the railroads and of the public we reach our own conclusions, before approving the transaction here proposed, as to the “principles of a sound and beneficial railway terminal policy to which future development should be made to conform,” and decide this case accordingly.

In this connection it calls our attention to the following statement of former CHAIRMAN CLARK of this commission before the Committee on Interstate and Foreign Commerce of the House of Representatives in July, 1919:

If I had my way I would begin this idea of merger and cooperation with the terminals, and I would provide, if I had my way and the direction of it, in every large commercial center for a terminal association or corporation which would be a separate entity. I would make it the terminal agency of all the roads that reach the place, operated as nearly as could be figured out at cost. Then the railroad serving that place would turn over the traffic destined to the place to this terminal agency and it would be delivered where the consignee wanted it delivered on any of the tracks. There would not be any question about closed or open terminals; there would be one terminal for all.

Mr. Rayburn: You think that would be an efficient arrangement?

Mr. Clark: I do, yes, sir.

Mr. Rayburn: It would mean in all probability a great saving

Mr. Clark: A great saving in expenditure, and a great increase in efficiency and the elimination of needless friction.

It also directs our attention to the following passage from the report on consolidation of railways made to us by William Z. Ripley and appearing in *Consolidation of Railroads*, 63 I. C. C., 455, at pages 483, 484:

But whatever the cause for the existing situation, a practically universal demand of shippers is that they be able freely to exercise their routing rights by the provision of open terminals, both at the point of shipment and at destination. The right of route across country is impaired if the only possible delivery is at an inconvenient point. To put together railway lines on the map without having a constant regard to the possibility of free delivery or receipt at either end would indeed be futile. As to the particular means for accomplishment of this object—free and untrammelled utilization of terminals—there may well be difference of opinion. Conceivably, joint ownership and operation, as at St. Louis, may succeed in that environment, while reciprocal switching may satisfactorily answer the purpose as at Chicago. But, whatever the means adopted to this end, it is submitted that a *proper adjustment of the various terminal situations, always of course for due compensation, is an important adjunct to any comprehensive consolidation plan.* No recommendation, therefore, as to particular terminal remedies is offered in this report. The subject technically is so involved, that it might well be made matter for a special investigation. Its bearing upon and relation to the subject of the division of through rates is as obvious as its intimate connection with consolidation. *The pending New York Central application to acquire the Chicago Junction Railway raises in itself almost all the possible aspects of terminal problems.* Consolidation can never be effectively brought about without the adoption of a comprehensive policy as to terminal ownership, operation, or both. It is herein assumed that free access will be somehow provided, either under the present emergency powers as contained in section 1, paragraph 15c, or by the adoption under a consolidation plan of permanent arrangements in all of the important centers. Possibly the assignment of terminal properties might take place by means of leases based upon valuation by the Commission and at a rate fixed by the Commission as reasonable. This would permit the terminal companies to remain under the joint control of the several participating railroads, rather than that entirely independent terminal companies, actually owning these facilities, should be set up. The important point, whatever the means adopted to this end, is that there should be unified operation and entirely free access to all participants alike. [Italics mine.]

The majority dismiss the plea of the Chicago commission with the statement that it is "obviously impossible for any one to determine at this time the ultimate goal which ought to be attained." Pending final determination of future policies, they believe that "the greatest good can be attained by the continuance, for the time being, of the competitive terminal situation," and think that this can best be accomplished "by bringing the present neutral Junction properties into closer relation with a trunk line like the Central." Nevertheless they are apparently sufficiently in doubt as to the good to be attained from this "continuance" of competition so that they feel it necessary to surround the transaction by 17 more or less complicated conditions which can only be enforced, if at all, by constant surveillance and policing.

I have little sympathy with this plan of conditions. Either the transaction should be approved, or it should be disapproved. If it is not so meritorious that it will yield good results in the natural course of events, it never can be made to do so by all manner of paper commandments. But, aside from this, I submit that what the majority are proposing is in no sense a "continuance of the competitive terminal situation," but rather an enlargement and extension of this situation. What has been neutral will cease to be neutral, and to that extent it will be more difficult to retrace our steps if we finally discover that "the ultimate goal which ought to be attained" is not competition but cooperation. And the situation is in this respect the more serious in that we are here dealing with a terminal property serving exclusively the greatest market for live stock and packing-house products in the world. The transfer of such a property, now neutral, to the possession of a single trunk line is most assuredly no small or insignificant departure from a policy of terminal cooperation and coordination.

For my own part I do not believe that it is at present impossible to determine the "ultimate goal to be attained." If it is impossible, we can at least follow the best light that we now have, and certainly we ought not to delude ourselves into believing that we are maintaining the *status quo* when we are in fact countenancing a very radical and important step towards one possible ultimate goal and away from another. Moreover, I have no hesitation in expressing a conviction, based on such knowledge as I now have, that former CHAIRMAN CLARK and the Chicago Railway Terminal Commission are right in believing that the ultimate goal is the "substitution of joint and cooperative terminals for separate and competitive terminals," and that the attainment of that goal would make possible far-reaching economies and improvements in service.

I agree also with the Chicago commission that the public benefits which the New York Central claims will flow from the acquisition of the Junction property are either vague, uncertain, and illusory or quite possible of attainment without such acquisition. The record does not support the conclusion that there will be any public loss if the transaction is disapproved. In my opinion it will be an obstacle to the future proper solution of the Chicago terminal situation, will embarrass our determination of a plan of consolidation under section 5 of the interstate commerce act, will be contrary to the public interest, and ought not to be approved.

COMMISSIONER COX also dissents.

71 I. C. C.

ORDER.

A hearing and investigation of the matters and things involved in this proceeding having been had, and the commission having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the acquisition by the New York Central Railroad Company of the control of the Chicago River & Indiana Railroad Company by the purchase of its capital stock at a price not exceeding the sum of \$750,000 be, and the same is hereby, approved and authorized.

It is further ordered, That the acquisition by the Chicago River & Indiana Railroad Company of the control of the property of the Chicago Junction Railway Company, by lease, as set forth in said report, be, and the same is hereby, approved and authorized: *Provided*, That the right to prescribe the terms, methods, and character of securities, if any, which the New York Central Railroad Company may employ to effectuate the purchase of the capital stock of the Chicago River & Indiana Railroad Company be, and it is hereby, reserved to the Interstate Commerce Commission: *And provided further*, That the purchase and sale of said stock and the making of said lease, as herein authorized, shall in all future proceedings, judicial as well as administrative, to which the carriers above named, or any of them, may be parties, be deemed and taken as conclusive evidence of their acceptance of and agreement to abide by the conditions enumerated in said report and numbered from 1 to 17, inclusive.

And it is further ordered, That said application, so far as it seeks authority to purchase the capital stock or the physical property of the Chicago Junction Railway Company, be, and the same is hereby, denied without prejudice to future proceedings.

71 I. C. C.

FINANCE DOCKET No. 305.

IN THE MATTER OF SETTLEMENT WITH THE BAY CITY
TERMINAL RAILWAY COMPANY UNDER SECTION 209
OF THE TRANSPORTATION ACT, 1920.

Submitted May 10, 1922. Decided May 18, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Bay City Terminal Railway Company. Proceeding dismissed.

Howard G. Kelley for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Bay City Terminal Railway Company, hereinafter termed the company, is a corporation of the State of Michigan, and operates a passenger terminal at Bay City, Mich. The company filed a written statement with us on March 10, 1920, accepting all the provisions of section 209 of the transportation act.

The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant company was compensated therefor in its contract with the director general. The company's property is operated for the use and benefit and as a part of the Cincinnati, Saginaw & Mackinaw Railroad of which the Grand Trunk Railway Company of Canada is the lessee, which latter company owns the entire capital stock of the company. All the operating expenses, revenues, and fixed rental charges were billed to and included in the accounts of the Cincinnati, Saginaw & Mackinaw Railroad during the test, Federal control, and guaranty periods. The Grand Trunk Railway Company of Canada as lessee of the Cincinnati, Saginaw & Mackinaw Railroad accepted the guaranty provisions of section 209 and the guaranty provided thereby will be applied to the result of operations of the company's property during the guaranty period by inclusion in the accounts of the operating company.

We find that the provisions of section 209 are not applicable to the company and the proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 L. C. C.

FINANCE DOCKET No. 1881.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC RAILROAD COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE SACRAMENTO NORTHERN RAILWAY AND TO PURCHASE THE BONDS OF THE SACRAMENTO NORTHERN RAILROAD.

Submitted January 19, 1922. Decided May 18, 1922.

Held, That the public interest involved in the proposed acquisition of control of the Sacramento Northern Railway can not be passed upon until that company applies for authority to issue its capital stock and to assume the obligations of the Sacramento Northern Railroad. Application denied without prejudice.

Carl Taylor for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Western Pacific Railroad Company, a common carrier by railroad subject to the interstate commerce act, on November 30, 1921, filed an application pursuant to paragraph (2) of section 5 of the interstate commerce act, for an order authorizing:

1. The acquisition of control by the applicant of the line of the Sacramento Northern Railroad, upon the transfer thereof to the Sacramento Northern Railway, through the purchase at par of 9,950 shares of the unissued capital stock of the Sacramento Northern Railway, having an aggregate par value of \$995,000, and the purchase at par of such of the 50 shares of stock of said company, now held by the directors thereof, as the applicant may deem it desirable to purchase.

2. The purchase by the applicant from the Western Pacific Railroad Corporation of all bonds of the Sacramento Northern Railroad now owned by the Western Pacific Railroad Corporation or hereafter acquired by it, and also, upon such terms as the applicant may deem advisable, all other outstanding bonds of the Sacramento Northern Railroad.

3. The use toward the purchase of said shares of stock of the Sacramento Northern Railway and in the purchase of all or any part of the outstanding bonds of said Sacramento Northern Railroad, including all such bonds now held or hereafter acquired by the Western Pacific Railroad Corporation, or in reimbursing the treasury of the applicant for expenditures for such purpose, of all or

any part of the proceeds of the \$4,180,000, principal amount, of the first-mortgage 5 per cent bonds of the applicant issued pursuant to our order dated May 23, 1921, in *Bonds of Western Pacific R. R.*, 67 I. C. C., 655, and now deposited under its first mortgage.

The authority last mentioned is required because our order in *Bonds of Western Pacific R. R.*, *supra*, provided that the applicant should not expend any of the proceeds of the bonds covered thereby for the purpose of acquiring the property of the Sacramento Northern, without our approval of such expenditure.

A hearing was held upon the application as provided by law. The proposed transactions have been approved by the Railroad Commission of California.

The Sacramento Northern Railroad owns and operates an electric railway extending from Sacramento in a general northerly direction to Hamilton, with branches to Woodland, Colusa, Oroville, and Swanston, and an unconnected segment extending from Vacaville to Willotta, all in the State of California. The total first main-line trackage operated is 165.03 miles. It files reports with us, participates in transcontinental and other interstate freight and passenger tariffs, and is subject to the interstate commerce act. Its road parallels the applicant's line between Sacramento and Oroville, a distance of approximately 66 miles. It is stated that there is practically no competition for passenger traffic by the two companies between these points and very little competition for freight traffic.

The Western Pacific Railroad Corporation, hereinafter called the holding company, owns all of applicant's outstanding capital stock except directors' qualifying shares, and also owns \$5,171,684.71, principal amount, of the bonds of the Sacramento Northern out of a total outstanding issue of \$5,224,373.14, and trust certificates representing \$4,401,769.68, par value, of its capital stock out of a total outstanding issue of \$4,484,897.15.

The applicant proposes to acquire control of the property of the Sacramento Northern through the purchase of its outstanding bonds and of the capital stock of a new company which will become the owner of the old company's lines and other property. On September 14, 1921, the applicant contracted to purchase from the holding company all the bonds of the Sacramento Northern which the holding company now owns or may hereafter acquire. In order that it may issue bonds under its first mortgage or requisition the proceeds of bonds held under such mortgage for the purpose of purchasing stock of another company or reimbursing its treasury for expenditures for that purpose, the applicant is required by the mortgage to acquire all the outstanding shares of such company with the exception of the qualifying shares held by directors. Further, the use of

bonds issued under applicant's first mortgage or the proceeds thereof for making betterments or extensions to the properties of subsidiary companies is permitted only when the entire capital stock of such company, except directors' qualifying shares, is owned by the applicant and pledged under the mortgage. It is alleged to be impracticable for applicant to purchase all the stock of the old Sacramento Northern Company. Accordingly the applicant has caused the Sacramento Northern Railway to be incorporated with an authorized capital stock of \$1,000,000 and with power to acquire and operate all of the properties of the old company. The old company has agreed to sell all of its property to the new company for a consideration of \$730,000, subject to the lien of a mortgage and deed of trust executed to the Mercantile Trust Company of San Francisco, as trustee, under date of July 1, 1918, and to all other lawful obligations, contracts, and indebtedness existing at the time of the conveyance. The Northern company agrees to assume and pay the bonds and to perform all of the covenants and conditions of the mortgage and deed of trust. Neither the holding company nor the applicant will assume any obligation or liability in respect of the bonds of the Sacramento Company.

The purchase price of the property and necessary working capital will be provided by the issuance of \$1,000,000 of capital stock, of which the applicant has subscribed \$995,000 at par, being all of the capital stock except directors' qualifying shares, which have already been issued.

The Sacramento Railroad is largely operated by the third-rail system. Its motive power consists of electric locomotives, some of which weigh 60 tons, and are capable of hauling from 40 to 50 loaded freight cars. It serves a rich agricultural territory, which applicant states is developing rapidly and contains many growing cities and towns. The most important part of its business is stated to be through passenger and freight traffic originating on its lines and delivered by it either to the applicant or to other trunk lines for interstate transportation. The applicant, it is stated, will hereafter provide the funds necessary to improve the present service on the Sacramento lines and will finance additions and betterments and certain contemplated extensions. Western Pacific equipment will be made available to the subsidiary and joint use will be made of certain facilities.

At Marysville the Sacramento Northern freight station will be used for Western Pacific business, and the Western Pacific freight house will be converted into a warehouse. The Sacramento Northern bridge over the Yuba River will be removed and the Western Pacific bridge will be utilized jointly by both companies. Heavier

repair work of the Northern will be done in the Western Pacific shops. Economies are expected to be effected by having joint representation of both carriers at certain points where it is now necessary to have separate representation. Some of the general officials of the Western Pacific will serve as general officials of the subsidiary. Saving in train service will be effected by changing the interchange points between the two companies resulting in a shorter haul for the Northern. It is stated that "the main benefit to be derived is to use the Sacramento Northern property as a feeder for the Western Pacific in transcontinental business, and as a distributor of freight for like business which may be brought into the State." It is alleged that without the control of the Sacramento Northern it would be necessary for the applicant to extend its own lines in the Sacramento Valley, and that the proposed acquisition will avoid that necessity.

It is asserted that the lines of the Northern will be "independently" operated by a separate operating organization. The record shows unquestionably, however, that the new company would be merely an instrumentality of the Western Pacific organization, responsive necessarily to the policies established by it and operated primarily in its interests. The acquisition of control by the applicant under the circumstances proposed would *ipso facto* establish the status of the new company as part of the Western Pacific system and so long as the control continued its operation would necessarily be as part of that system. See *So. Pac. Terminal Co. v. Int. Comm. Comm.*, 219 U. S., 498.

The carriers which must make application to us for authority to issue securities and to assume obligations with respect to securities are defined in section 20a of the interstate commerce act as follows:

* * * the term "carrier" means a common carrier by railroad (except a street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation) which is subject to this Act, or any corporation organized for the purpose of engaging in transportation by railroad subject to this Act.

According to the applicant, the Sacramento Northern is an interurban electric railway. Assuming that the new company will have that status, it would nevertheless be subject to the provisions of section 20a, for it will be operated as part of the Western Pacific system, which is a general steam-railroad system of transportation within the meaning of the act.

We are by no means convinced, however, that the Northern is an interurban electric railway as that term is used in the statute. Much of the transportation service rendered by it, no doubt, is similar to that rendered by electric interurban railways. The serv-

ice of such railways, however, is distinguished by its local and limited character and by the fact that the bulk of their revenues are derived from the transportation of passengers. Their facilities for handling freight are usually inadequate or lacking so as to disable them from engaging in its general transportation. The amount of business interchanged by them with connecting carriers is ordinarily very small.

Congress obviously did not intend to exclude all electric railways from the operation of section 20a. If the Western Pacific were to completely electrify its system it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. Similarly it appears from the facts of record that the Sacramento Northern is more than an interurban carrier as that term is generally understood.

Since the time of its organization its revenues from freight, mail, and express have exceeded those received from the transportation of passengers. Indeed its revenue from freight alone has been practically equal to its passenger revenue. Its total first-track main-line mileage is 165.03 as compared with which its mileage of yard track and sidings is 41.49. The relatively large total of yard and sidings is not explained, but it is a fair presumption that most of it is required in connection with freight service. In the language of the application, "the more important part of its business consists of through passenger and freight business" interchanged with various trunk lines. It is engaged in the general transportation of passengers and freight and conducts its business substantially in the same manner as any steam railroad engaged in such transportation. The fact that it is operated electrically does not, therefore, in our opinion, remove it from our jurisdiction under section 20a.

It follows from what has been said that the new Sacramento Northern company, whether or not regarded as part of the Western Pacific system, must make application to us under section 20a for authority to issue its stock and to assume the obligations of the old company. Until such application is made we are unable to pass upon the public interest involved in the acquisition of control of such company by the Western Pacific. The stock proposed to be acquired by the applicant would have no validity without our authorization. The application will be denied without prejudice to its renewal later if the new Sacramento Northern company should apply to us for authority to issue its securities and to assume the liabilities proposed.

An appropriate order will be entered.

repair work of the Northern will be done in the Western Pacific shops. Economies are expected to be effected by having joint representation of both carriers at certain points where it is now necessary to have separate representation. Some of the general officials of the Western Pacific will serve as general officials of the subsidiary. Saving in train service will be effected by changing the interchange points between the two companies resulting in a shorter haul for the Northern. It is stated that "the main benefit to be derived is to use the Sacramento Northern property as a feeder for the Western Pacific in transcontinental business, and as a distributor of freight for like business which may be brought into the State." It is alleged that without the control of the Sacramento Northern it would be necessary for the applicant to extend its own lines in the Sacramento Valley, and that the proposed acquisition will avoid that necessity.

It is asserted that the lines of the Northern will be "independently" operated by a separate operating organization. The record shows unquestionably, however, that the new company would be merely an instrumentality of the Western Pacific organization, responsive necessarily to the policies established by it and operated primarily in its interests. The acquisition of control by the applicant under the circumstances proposed would *ipso facto* establish the status of the new company as part of the Western Pacific system and so long as the control continued its operation would necessarily be as part of that system. See *So. Pac. Terminal Co. v. Int. Comm. Comm.*, 219 U. S., 498.

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According to the applicant, the Sacramento Northern is an interurban electric railway. Assuming that the new company will have that status, it would nevertheless be subject to the provisions of section 20a, for it will be operated as part of the Western Pacific system, which is a general steam-railroad system of transportation within the meaning of the act.

We are by no means convinced, however, that the Northern is an interurban electric railway as that term is used in the statute. Much of the transportation service rendered by it, no doubt, is similar to that rendered by electric interurban railways. The serv-

ice of such railways, however, is distinguished by its local and limited character and by the fact that the bulk of their revenues are derived from the transportation of passengers. Their facilities for handling freight are usually inadequate or lacking so as to disable them from engaging in its general transportation. The amount of business interchanged by them with connecting carriers is ordinarily very small.

Congress obviously did not intend to exclude all electric railways from the operation of section 20a. If the Western Pacific were to completely electrify its system it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. Similarly it appears from the facts of record that the Sacramento Northern is more than an interurban carrier as that term is generally understood.

Since the time of its organization its revenues from freight, mail, and express have exceeded those received from the transportation of passengers. Indeed its revenue from freight alone has been practically equal to its passenger revenue. Its total first-track main-line mileage is 165.03 as compared with which its mileage of yard track and sidings is 41.49. The relatively large total of yard and sidings is not explained, but it is a fair presumption that most of it is required in connection with freight service. In the language of the application, "the more important part of its business consists of through passenger and freight business" interchanged with various trunk lines. It is engaged in the general transportation of passengers and freight and conducts its business substantially in the same manner as any steam railroad engaged in such transportation. The fact that it is operated electrically does not, therefore, in our opinion, remove it from our jurisdiction under section 20a.

It follows from what has been said that the new Sacramento Northern company, whether or not regarded as part of the Western Pacific system, must make application to us under section 20a for authority to issue its stock and to assume the obligations of the old company. Until such application is made we are unable to pass upon the public interest involved in the acquisition of control of such company by the Western Pacific. The stock proposed to be acquired by the applicant would have no validity without our authorization. The application will be denied without prejudice to its renewal later if the new Sacramento Northern company should apply to us for authority to issue its securities and to assume the liabilities proposed.

An appropriate order will be entered.

DANIELS, *Commissioner*, dissenting:

I am unable to concur in the decision of the majority in this case, for the reason that in my opinion it is not necessary for the Sacramento Northern Railway to apply to us for authority to issue its securities. The president of the Sacramento Northern Railroad, the present owner of the property, testified that the road is not now operated as a part of any steam-railroad system of transportation, but is operated separately and independently, and that no change in this method of operation will be made by the new company, which will maintain its own operating policy and independent general-office force, as heretofore. The present company has no officers in common with the applicant, and maintains its own separate rates and divisions.

The facts, therefore, present a case in which there is to be unified control, but not unified control and operation. In this respect the situation differs materially from that discussed by the Supreme Court in *So. Pac. Terminal Co. v. Int. Comm. Comm.*, 219 U. S. 498, cited in the majority opinion herein. In that case the active management and operation of the terminal company's property was apparently in the corporation which controlled it through ownership of its stock. It appeared (page 503) that the terminal company owned no cars or locomotives and issued no bills of lading, but merely held title to the physical property used by the carrier in rendering service to the public. The court said (page 521):

There is a separation of the companies if we regard only their charters; there is a union of them if we regard their control and operation through the Southern Pacific Company. This control and operation are the important facts to shippers. The control and operation of the Southern Pacific Company of the railroads and the Terminal company have united them into a system.

and at page 523:

In opposition to these views appellants urge the legal individuality of the different railroads and the Terminal company and cite cases which establish, it is contended, that stock ownership simply or through a holding company does not identify them. We are not concerned to combat the proposition. The record does not present a case of stock ownership merely or of a holding company which was content to hold. It presents a case, as we have already said, of one actively managing and uniting the railroads and the Terminal company into an organized system * * *.

The language quoted seems to establish that in order to constitute a single "system" there must be a common operating and managing authority as well as a common corporate control, in order to bring the line in question within the purview of the language "operated as a part of a general steam railroad system of transportation." I can not, therefore, agree with the majority that "the acquisition of control by the applicant under the circumstances proposed would *ipso facto* establish the status of the new company as part of the

Western Pacific system," since the language of the decision relied upon seems to me clearly to negative the proposition.

It is of interest to note that by a decision of the Railway Labor Board, the Sacramento Northern at present is permitted to maintain its own wage scale, that body having ruled that the road is not within the provisions of section 300 of the transportation act, 1920. The exception of interurban electric railways contained in that section is essentially similar to the exception of section 20a.

It may very well be that what Congress had in mind in excepting from the requirement to apply to us for approval of proposed security issues interurban electric railways not operated as a part of a general steam-railroad system of transportation was the case where the management of an ordinary railroad, upon which steam power was formerly used, might, for reasons of economy or other compelling causes, see fit to electrify a portion or all of a given line and to install, as to that portion, a service partaking somewhat of the character of interurban service. For example, the recent electrification of parts of the main line of the Chicago, Milwaukee & St. Paul would not, in view of the exception quoted, relieve that carrier in respect of the portion of the road so operated from the requirement of the statute. It may plausibly be argued that it was felt that in the process of consolidation railroad corporations might find it desirable to take over existing electric interurban lines and merge them for operation with connecting main stems and that in such cases jurisdiction over the feeder electric line should be asserted.

On the question of whether the road is an electric interurban railway, the character and type of locomotive used and the volume of freight business handled are not, in my judgment, controlling. The line of demarcation may not always be easy to draw or define, but in my judgment it is the essential character of the road and of the service performed that distinguishes an interurban from a steam railroad. An interurban railroad very commonly occupies city streets and rural highways instead of a privately owned right of way. Within the limits of cities, interurban cars often use the tracks of street railways and carry city passengers at the regular city fare, stopping at many street intersections for the reception and discharge of passengers and generally, within the city limits, performing under municipal franchise the functions of a street railway. In rural districts, loading platforms and shelter sheds for passengers are often maintained at many points, and stops are made at those points whenever freight or passenger traffic is offered, the schedule being sufficiently elastic to permit the necessary variation in running time. These characteristics are ordinarily not found in a steam railroad. Again, in some States the corporation itself is not a railroad cor-

poration at all, but is organized under the general corporation laws applicable to purely private corporations as distinguished from railroad companies. Thus in *Jones v. Milwaukee E. R. & L. Co.*, 147 Wis., 427 and 434, and 133 N. W., 636 and 638, it appeared that corporations engaged in operating electric interurban railroads were organized under chapter 86 of the Wisconsin statutes, whereas steam or commercial railroads were created under chapter 87. The court said—

In one sense an electric interurban road is a railroad. The cars run on rails. But we think it is not a railroad within the meaning of this act. The amendatory act purports to amend section 1816, Stats. (1898), and this section is found in the chapter relating to the ordinary steam driven commercial railroad which is operated by a corporation organized under a statute different from that under which defendant is organized, and which imposes different duties and grants different powers * * *. Where a statute is drastic and its burdens heavy it is not permissible to bring within its terms by latitudinarian construction these not named therein. This merely recognizes the intention which ordinarily accompanies any such command, and this principle lies at the basis of what is called strict construction.

This language is in harmony with the rule announced by the Supreme Court in the *Maximum Rate Case*, 167 U. S., 479, that the jurisdiction conferred by the interstate commerce act is not to be enlarged by loose or unduly liberal interpretation, but that its provisions must be construed strictly. The rule would seem to require that in case of doubt we should hold that the provisions of section 20a do not apply; and if there should be any doubt on the record as to the character of operation which will be brought about under the applicant's control, that doubt should be resolved against the necessity for obtaining our approval in respect to the issuance of these securities. Added force is given to this consideration when the security issues of interurbans are under the regulation and control of State commissions, as is the case here. It is my view, therefore, that the road in question is, and, on the facts before us, will continue to be an electric interurban railroad; and that as such it is not now and will not be, according to the announced plans of the officers of the company, operated as a part of a general steam-railroad system of transportation.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application herein be, and it is hereby, denied.

FINANCE DOCKET No. 349.

IN THE MATTER OF SETTLEMENT WITH THE CENTRAL
UNION DEPOT & RAILWAY COMPANY OF CINCINNATI
UNDER SECTION 209 OF THE TRANSPORTATION ACT,
1920.

Submitted May 9, 1922. Decided May 19, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Central Union Depot & Railway Company of Cincinnati. Proceeding dismissed.

H. A. Worcester for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Central Union Depot & Railway Company of Cincinnati, hereinafter termed the company, is a corporation of the State of Ohio and operates a station and terminal facilities at Cincinnati, Ohio. The company filed a written statement with us on March 12, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination of the Federal control period. A contract was entered into between it and the director general, based upon its standard return in the amount of \$114,842.27 per annum, which amount was increased by \$356.29 due to accounting exceptions, and a final certificate of standard return dated October 9, 1920, was issued by us in the amount of \$115,198.56, representing the company's annual net income in the test period, derived from incidental revenues, such as parcel-room receipts, baggage storage, rents from various concessions, dining service, and other sources of a similar character.

The company conducts no rail-line operations, but the line owned by it is used jointly by its tenant companies and all expenses incident to maintenance and rail-line operations are distributed on the books of the company and cleared through bills against the using lines through credits to joint-facility expense accounts on a wheelage basis, which practice was in effect during the test and guaranty periods.

71 I. C. C.

poration at all, but is organized under the general corporation laws applicable to purely private corporations as distinguished from railroad companies. Thus in *Jones v. Milwaukee E. R. & L. Co.*, 147 Wis., 427 and 434, and 133 N. W., 636 and 638, it appeared that corporations engaged in operating electric interurban railroads were organized under chapter 86 of the Wisconsin statutes, whereas steam or commercial railroads were created under chapter 87. The court said—

In one sense an electric interurban road is a railroad. The cars run on rails. But we think it is not a railroad within the meaning of this act. The amendatory act purports to amend section 1816, Stats. (1898), and this section is found in the chapter relating to the ordinary steam driven commercial railroad which is operated by a corporation organized under a statute different from that under which defendant is organized, and which imposes different duties and grants different powers * * *. Where a statute is drastic and its burdens heavy it is not permissible to bring within its terms by latitudinarian construction these not named therein. This merely recognizes the intention which ordinarily accompanies any such command, and this principle lies at the basis of what is called strict construction.

This language is in harmony with the rule announced by the Supreme Court in the *Maximum Rate Case*, 167 U. S., 479, that the jurisdiction conferred by the interstate commerce act is not to be enlarged by loose or unduly liberal interpretation, but that its provisions must be construed strictly. The rule would seem to require that in case of doubt we should hold that the provisions of section 20a do not apply; and if there should be any doubt on the record as to the character of operation which will be brought about under the applicant's control, that doubt should be resolved against the necessity for obtaining our approval in respect to the issuance of these securities. Added force is given to this consideration when the security issues of interurbans are under the regulation and control of State commissions, as is the case here. It is my view, therefore, that the road in question is, and, on the facts before us, will continue to be an electric interurban railroad; and that as such it is not now and will not be, according to the announced plans of the officers of the company, operated as a part of a general steam-railroad system of transportation.

ORDER.

A hearing in this proceeding and investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the application herein be, and it is hereby, denied.

FINANCE DOCKET No. 349.

IN THE MATTER OF SETTLEMENT WITH THE CENTRAL
UNION DEPOT & RAILWAY COMPANY OF CINCINNATI
UNDER SECTION 209 OF THE TRANSPORTATION ACT,
1920.

Submitted May 9, 1922. Decided May 19, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Central Union Depot & Railway Company of Cincinnati. Proceeding dismissed.

H. A. Worcester for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Central Union Depot & Railway Company of Cincinnati, hereinafter termed the company, is a corporation of the State of Ohio and operates a station and terminal facilities at Cincinnati, Ohio. The company filed a written statement with us on March 12, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination of the Federal control period. A contract was entered into between it and the director general, based upon its standard return in the amount of \$114,842.27 per annum, which amount was increased by \$356.29 due to accounting exceptions, and a final certificate of standard return dated October 9, 1920, was issued by us in the amount of \$115,198.56, representing the company's annual net income in the test period, derived from incidental revenues, such as parcel-room receipts, baggage storage, rents from various concessions, dining service, and other sources of a similar character.

The company conducts no rail-line operations, but the line owned by it is used jointly by its tenant companies and all expenses incident to maintenance and rail-line operations are distributed on the books of the company and cleared through bills against the using lines through credits to joint-facility expense accounts on a wheelage basis, which practice was in effect during the test and guaranty periods.

71 I. C. C.

We find that the company is not a carrier as defined in subdivision (a) of section 209, and that the provisions of said section are not applicable to it. The proceeding must accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 844.

IN THE MATTER OF SETTLEMENT WITH THE TONOPAH & GOLDFIELD RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 28, 1922. Decided May 19, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Tonopah & Goldfield Railroad Company ascertained to be \$96,683.34. An amount of \$80,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$16,683.34. Certificate issued.

R. S. Titlow for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Tonopah & Goldfield Railroad Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Nevada. Its line of railroad connects with the Southern Pacific Company at Mina, Nev., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that

We find that the company is not a carrier as defined in subdivision (a) of section 209, and that the provisions of said section are not applicable to it. The proceeding must accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That this proceeding be, and it is hereby, dismissed.

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repair work of the Northern will be done in the Western Pacific shops. Economies are expected to be effected by having joint representation of both carriers at certain points where it is now necessary to have separate representation. Some of the general officials of the Western Pacific will serve as general officials of the subsidiary. Saving in train service will be effected by changing the interchange points between the two companies resulting in a shorter haul for the Northern. It is stated that "the main benefit to be derived is to use the Sacramento Northern property as a feeder for the Western Pacific in transcontinental business, and as a distributor of freight for like business which may be brought into the State." It is alleged that without the control of the Sacramento Northern it would be necessary for the applicant to extend its own lines in the Sacramento Valley, and that the proposed acquisition will avoid that necessity.

It is asserted that the lines of the Northern will be "independently" operated by a separate operating organization. The record shows unquestionably, however, that the new company would be merely an instrumentality of the Western Pacific organization, responsive necessarily to the policies established by it and operated primarily in its interests. The acquisition of control by the applicant under the circumstances proposed would *ipso facto* establish the status of the new company as part of the Western Pacific system and so long as the control continued its operation would necessarily be as part of that system. See *So. Pac. Terminal Co. v. Int. Comm. Comm.*, 219 U. S., 498.

The carriers which must make application to us for authority to issue securities and to assume obligations with respect to securities are defined in section 20a of the interstate commerce act as follows:

* * * the term "carrier" means a common carrier by railroad (except a street, suburban, or interurban electric railway which is not operated as a part of a general steam railroad system of transportation) which is subject to this Act, or any corporation organized for the purpose of engaging in transportation by railroad subject to this Act.

According to the applicant, the Sacramento Northern is an interurban electric railway. Assuming that the new company will have that status, it would nevertheless be subject to the provisions of section 20a, for it will be operated as part of the Western Pacific system, which is a general steam-railroad system of transportation within the meaning of the act.

We are by no means convinced, however, that the Northern is an interurban electric railway as that term is used in the statute. Much of the transportation service rendered by it, no doubt, is similar to that rendered by electric interurban railways. The serv-

ice of such railways, however, is distinguished by its local and limited character and by the fact that the bulk of their revenues are derived from the transportation of passengers. Their facilities for handling freight are usually inadequate or lacking so as to disable them from engaging in its general transportation. The amount of business interchanged by them with connecting carriers is ordinarily very small.

Congress obviously did not intend to exclude all electric railways from the operation of section 20a. If the Western Pacific were to completely electrify its system it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. Similarly it appears from the facts of record that the Sacramento Northern is more than an interurban carrier as that term is generally understood.

Since the time of its organization its revenues from freight, mail, and express have exceeded those received from the transportation of passengers. Indeed its revenue from freight alone has been practically equal to its passenger revenue. Its total first-track main-line mileage is 165.03 as compared with which its mileage of yard track and sidings is 41.49. The relatively large total of yard and sidings is not explained, but it is a fair presumption that most of it is required in connection with freight service. In the language of the application, "the more important part of its business consists of through passenger and freight business" interchanged with various trunk lines. It is engaged in the general transportation of passengers and freight and conducts its business substantially in the same manner as any steam railroad engaged in such transportation. The fact that it is operated electrically does not, therefore, in our opinion, remove it from our jurisdiction under section 20a.

It follows from what has been said that the new Sacramento Northern company, whether or not regarded as part of the Western Pacific system, must make application to us under section 20a for authority to issue its stock and to assume the obligations of the old company. Until such application is made we are unable to pass upon the public interest involved in the acquisition of control of such company by the Western Pacific. The stock proposed to be acquired by the applicant would have no validity without our authorization. The application will be denied without prejudice to its renewal later if the new Sacramento Northern company should apply to us for authority to issue its securities and to assume the liabilities proposed.

An appropriate order will be entered.

On the part of the applicant it is shown that if the old track be abandoned there will be \$234,500 retired from its capital account, and that the construction of the new track will add \$1,082,300 to that account. It is estimated by the applicant that it will save \$114,696.61 annually in the operation of its Chicago division, based on the volume of business of 1920, because of the increased efficiency resulting from the construction of the new track. This saving will be effected by reason of increased tonnage rating of locomotives, thereby reducing the number of trains, and by shortening the distance.

The total revenue accruing to the applicant from the Zionsville station for the five-year period beginning November, 1916, was passenger, \$3,535.73, and freight, \$142,028.04. The freight revenue for the past three years has been relatively large, owing to shipments of material used in the construction of bridges and highways.

The protestants at Zionsville state that they have no objection to the applicant's using the new track for passenger and through freight traffic, but they desire that the old track, or at least a stub end from Glenn to Academy Street in Zionsville, be left in place for local-freight service. They claim that the removal of this track would ruin the business of the town, and insist that the interests of the people of Zionsville can not be subordinated to the interests of the through passenger and freight traffic.

The Pitman-Moore Company operates a veterinary biological laboratory which is located approximately 1 mile southeast of Zionsville. The plant is quite extensive in its field. In the first 11 months of 1921 it received 227 carloads of freight and its outbound shipments for the same period were 10 carloads. It is stated that much of its product has been hauled to Indianapolis by truck and thence shipped to destination. This company now loads and unloads all its carload shipments at the team track in Zionsville, hauling the freight to and from the railroad station by motor truck over the public highway. Its less-than-carload freight is also handled through the local office at Zionsville. If the old track were abandoned, it would be necessary to haul its freight to and from the new station, a distance of a few blocks farther. It appears, therefore, that the Pitman-Moore Company would be considerably inconvenienced by the proposed abandonment. However, its main objection arises from the fact that if the old track were abandoned, the expense of a private switch track would be largely increased because such switch track must leave the main line at Glenn, a distance of more than a mile from the plant and pass over a number of culverts and fills.

The applicant estimates that the annual cost of maintenance of the old line, including the maintenance of an interlocking system at Glenn and St. Clair, with the necessary additional track and crossovers, would be \$30,945. If a stub-end track to Academy Street in Zionsville is left in place, the annual maintenance cost will be \$12,427. The above figures do not include taxes. For the year 1921 taxes on the old track amounted to \$8,826.28.

Should the old track be left in place to serve the town of Zionsville, it will require the maintenance of both the old and new stations and necessitate the employment of two men, whereas but one is now employed. It will also result in operating difficulties. There are 10 through passenger trains daily between Chicago and Cincinnati and two local passenger trains. There are also 8 scheduled local-freight trains and 12 through-freight trains daily. The two local passenger trains and two local-freight trains are now being operated over the old track under a temporary arrangement. The new line is double-tracked. Eastbound trains are now required to run against the current of traffic in order to get into Zionsville via the switch at Glenn. Should the arrangement be made permanent, interlockers and crossovers must be installed and eastbound trains will be required to cross the westbound track.

While the abandonment of the old track would require the shippers and consignees at Zionsville to haul their freight a short distance farther, it does not appear from the evidence that Zionsville will be inadequately served from the new location.

Upon the facts presented we find that the present and future public convenience and necessity require the construction and operation by the applicant of the relocated line of railroad, described in the application, and permit the abandonment of that portion of its old line between Glenn and St. Clair, in Boone County, Ind., upon placing in operation the relocated line. A certificate to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

A hearing having been held in this proceeding, and full investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and

operation by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company of a new line of railroad between Glenn and St. Clair, in Boone County, Ind., described in the application and report aforesaid, and permit the abandonment by said company of its existing line between said points upon placing in operation the new line.

It is ordered, That said Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to construct said new line, and upon placing the same in operation to abandon its existing line between Glenn and St. Clair, in Boone County, Ind.

71 I. C. C.

FINANCE DOCKET No. 316.¹

IN THE MATTER OF SETTLEMENT WITH THE BIRMINGHAM TERMINAL COMPANY, CHATTANOOGA STATION COMPANY, COLUMBIA UNION STATION COMPANY, GULF TERMINAL COMPANY, MERIDIAN TERMINAL COMPANY, NORTH CHARLESTON TERMINAL COMPANY, SAVANNAH UNION STATION COMPANY, ST. JOHNS RIVER TERMINAL COMPANY, AND WOODSTOCK & BLOCTON RAILWAY COMPANY, UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted May 10, 1922. Decided May 20, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Birmingham Terminal Company, Chattanooga Station Company, Columbia Union Station Company, Gulf Terminal Company, Meridian Terminal Company, North Charleston Terminal Company, Savannah Union Station Company, St. Johns River Terminal Company, and the Woodstock & Blocton Railway Company. Proceeding dismissed.

E. H. Kemper for the companies.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Birmingham Terminal Company is a corporation of the State of Alabama which owns, and operated during the test, Federal control, and guaranty periods, a passenger terminal in the city of Birmingham, Ala., with necessary car sheds, tracks, and other facilities suitable for the handling of passenger trains for the use and benefit of its operating tenant lines, namely, the Southern Railway Company, the Illinois Central Railroad Company, the Seaboard Air Line Railway Company, the Central of Georgia Railway Company, the St. Louis-San Francisco Railway Company, and the Alabama Great Southern Railroad Company. An agreement was entered into between the Birmingham Terminal Company and the operating tenant lines above enumerated on March 1, 1907, whereby said tenant lines agreed to pay the terminal company as rent for the use of its

¹ This report also embraces Finance Dockets Nos. 360, 406, 511, 621, 704, 787, 801, and 907.

station building and other facilities such sums as, in the aggregate, would yield to said terminal company an income sufficient to meet its operating and maintenance expenses, interest accrued on first-mortgage 4 per cent 50-year gold bonds, and a dividend of 4 per cent upon outstanding fully paid capital stock, such payments to be distributed on a wheelage basis. The property of the terminal company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contract with the director general under the agreement entered into March 1, 1907, which was in effect during the test, Federal control, and guaranty periods. All operating expenses, revenues, and fixed rental charges were billed to the operating tenant companies and included in their accounts during said periods. The provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the terminal company as was borne by the operating tenant lines which accepted the guaranty, which includes all of the tenant lines except the Southern Railway Company and the Alabama Great Southern Railroad Company.

The Chattanooga Station Company is a corporation of the State of Tennessee which owns, and operated during the test, Federal control, and guaranty periods, a passenger terminal in the city of Chattanooga, Tenn., with necessary car sheds, tracks, and other facilities suitable for the handling of passenger trains for the use and benefit of its operating tenant lines, namely, the Southern Railway Company, the Central of Georgia Railway Company, the Cincinnati, New Orleans & Texas Pacific Railway Company, and the Alabama Great Southern Railroad Company. An agreement was entered into between the station company and the tenant lines above enumerated on January 1, 1907, whereby the said tenant lines were to pay the station company as rent for the use of its station building and other facilities such sums as, in the aggregate, would yield to said company an income sufficient to meet its operating and maintenance expenses, the interest on its first-mortgage 4 per cent 50-year gold bonds, and a dividend of 4 per cent upon its outstanding fully paid capital stock, such sums to be distributed on a wheelage basis. The property of the station company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the tenant companies were compensated therefor in their contract with the director general. All of its operating expenses, revenues, and fixed rental charges were billed to the operating tenant companies under the agreement hereinabove mentioned and included in

their accounts during both the test and guaranty periods. The provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the station company's property as was borne during the guaranty period, by the operating tenant line which accepted the guaranty, namely, the Central of Georgia Railway Company.

The Columbia Union Station Company is a corporation of the State of South Carolina which owns, and operated during the test, Federal control, and guaranty periods, a passenger terminal in the city of Columbia, S. C., with necessary car sheds, tracks, and other facilities suitable for the handling of passenger trains for the use and benefit of its operating tenant lines, namely, the Southern Railway Company and the Atlantic Coast Line Railroad Company. An agreement was entered into between the station company and its operating tenant lines on February 1, 1920, wherein the tenant lines agreed to pay the station company as rent for the use of its station building and other facilities such sums as, in the aggregate, would yield to it an income sufficient to meet its operating and maintenance expenses, the interest upon its certificates of indemnity, if any, and a dividend of 4 per cent on its capital stock, such sum to be distributed on a wheelage basis. The property of the station company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contract with the director general under the agreement hereinabove referred to. All the operating expenses, revenues, and fixed rental charges of the station company were billed to the operating tenant companies and included in their accounts during both the test and the guaranty periods. The provisions of section 209 will, therefore, be applied to such portion of the result of operations of the station company during the guaranty period as was borne by the Atlantic Coast Line Railroad Company, as the latter company accepted the guaranty and the Southern Railway Company did not accept.

The Gulf Terminal Company is a corporation of the State of Alabama which owns, and operated during the test, Federal control, and guaranty periods, a passenger terminal in the city of Mobile, Ala., with necessary car sheds, tracks, and other facilities suitable for the handling of passenger trains for the use and benefit of its operating tenant lines, namely, the Southern Railway Company and the Mobile & Ohio Railroad Company. An agreement was entered into between the terminal company and its operating tenant lines on January 1, 1907, whereby said tenant lines agreed to pay the terminal company as rent for the use of its station building and other facilities such sums as, in the aggregate, would yield to it an income sufficient to meet its operating and maintenance expenses, the interest upon its certificates of indemnity, if any, and a dividend of 4 per cent on its capital stock, such sum to be distributed on a wheelage basis. The property of the terminal company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contract with the director general under the agreement hereinabove referred to. All the operating expenses, revenues, and fixed rental charges of the terminal company were billed to the operating tenant companies and included in their accounts during both the test and the guaranty periods. The provisions of section 209 will, therefore, be applied to such portion of the result of operations of the terminal company during the guaranty period as was borne by the Mobile & Ohio Railroad Company, as the latter company accepted the guaranty and the Southern Railway Company did not accept.

as, in the aggregate, would yield to the terminal company an income sufficient to meet its operating and maintenance expenses, interest on its first-mortgage 4 per cent 50-year gold bonds, and a dividend of 4 per cent on its outstanding fully paid capital stock, such sum to be distributed on a wheelage basis. The property of the terminal company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contracts with the director general. All the operating expenses, revenues, and fixed rental charges of the terminal company were billed to the operating tenant companies and included in their accounts during both the test and guaranty periods as provided in the agreement of January 1, 1907. The provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the terminal company as was borne by the Mobile & Ohio Railroad Company during the guaranty period, the latter company having accepted the provisions of the guaranty.

The Meridian Terminal Company is a corporation of the State of Mississippi which owns, and operated during the test, Federal control, and guaranty periods, a passenger terminal in the city of Meridian, Miss., with necessary car sheds, tracks, and other facilities suitable for the handling of passenger trains for the use and benefit of its operating tenant lines, namely, the Southern Railway Company, the Mobile & Ohio Railroad Company, the Alabama Great Southern Railroad Company, the New Orleans & Northeastern Railroad Company, and the Alabama & Vicksburg Railway Company. An agreement was entered into between the terminal company and its operating tenant lines on May 1, 1905, whereby the tenant companies agreed to pay the terminal company as rent for use of its station building and other facilities such sums as, in the aggregate, would yield to the terminal company an income sufficient to meet its operating and maintenance expenses, interest on its first-mortgage 4 per cent 50-year gold bonds, and a dividend of 4 per cent on outstanding capital stock, such sum to be distributed on a wheelage basis. The company's property was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contract with the director general. All of the operating expenses, revenues, and fixed rental charges of the terminal company were billed to the operating tenant companies and included in their accounts during both the test and guaranty periods. The provisions of section 209 will, therefore, be fully applied to such portion of the result of opera-

tions of the terminal company as was borne by the tenant lines which accepted the guaranty, namely, the Mobile & Ohio Railroad Company and Alabama & Vicksburg Railway Company.

The North Charleston Terminal Company is a corporation of the State of South Carolina which owns, and operated during the Federal control and guaranty periods, a freight terminal in the city of North Charleston, S. C., with necessary tracks and other facilities suitable for the terminal handling and switching to and from wharves, warehouses, and industries, of traffic of the Southern Railway Company, the Atlantic Coast Line Railroad Company, and the Seaboard Air Line Railway Company. An agreement was entered into between the terminal company and the operating companies hereinabove enumerated on December 20, 1916, whereby said companies were to pay the terminal company as rent for the use of its facilities such sums as, in the aggregate, would yield an income sufficient to meet its maintenance and operating expenses, a dividend of 5 per cent on its outstanding fully paid capital stock, and interest at 5 per cent per annum upon total amount of expenditures for additions and betterments, such sum to be distributed on a wheelage basis. The property of the terminal company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contracts with the director general. All the operating expenses, revenues, and fixed rental charges of the terminal company were billed to the operating tenant companies and included in their accounts during the Federal control and guaranty periods. The provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the terminal company as was borne by the Atlantic Coast Line Railroad Company and the Seaboard Air Line Railway Company during the guaranty period.

The Savannah Union Station Company is a corporation of the State of Georgia which owns, and operated during the test, Federal control, and guaranty periods, a passenger terminal in the city of Savannah, Ga., with necessary car sheds, tracks, and other facilities suitable for the handling of passenger trains for the use and benefit of its operating tenant lines, namely, the Southern Railway Company, the Atlantic Coast Line Railroad Company, and the Seaboard Air Line Railway Company. An agreement was entered into between the station company and its tenant lines on May 1, 1902, whereby said tenant companies agreed to pay to the station company as rent for the use of its station building and other facilities such sums as, in the aggregate, would yield to it an income suffi-

cient to meet its operating and maintenance expenses, interest at the rate of 4 per cent per annum on its first-mortgage bonds, and an annual sum equal to 0.5 per cent of the principal amount due on all bonds outstanding, including those held in sinking fund, such sums to be distributed on a wheelage basis. The property of the station company was under Federal control at the termination thereof, but no contract was entered into with it covering compensation as provided in section 1 of the Federal control act, inasmuch as the operating tenant companies were compensated therefor in their contracts with the director general. All of the operating expenses, revenues, and fixed rental charges were billed to the operating tenant companies and included in their accounts during both the test and guaranty periods under the agreement hereinabove referred to. The provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the station company during the guaranty period as was borne by its tenant lines which accepted the guaranty, namely, the Atlantic Coast Line Railroad Company and the Seaboard Air Line Railway Company.

The St. Johns River Terminal Company is a corporation of the State of Florida. Its line of road, consisting of 7.35 miles, extending from Jacksonville to Grand Crossing, Fla., together with approximately 27 miles of yards and sidings, is operated for the use and benefit of its tenant lines, the Georgia Southern & Florida Railway Company, the Atlantic Coast Line Railroad Company, and the Southern Railway Company. Its property was under Federal control at the termination thereof, but no contract was entered into between it and the director general as provided by section 1 of the Federal control act for the reason that compensation for the use of its property during the period of Federal control was covered in contracts of the director general with its tenant lines. All of the operating expenses, revenues, and fixed charges were billed to and included in the accounts of the tenant lines during the test, Federal control, and guaranty periods, and the provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the terminal company during the guaranty period as was borne by the operating tenant lines which accepted the guaranty, namely, the Georgia Southern & Florida Railway Company and the Atlantic Coast Line Railroad Company.

The Woodstock & Blocton Railway Company is a corporation of the State of Alabama. Its line of road, consisting of 8.1 miles, extending from Woodstock to Blocton, Ala., together with approximately 10 miles of sidings, is operated for the use and benefit of its tenant lines, namely, the Louisville & Nashville Railroad Company and the Alabama Great Southern Railroad Company. Its property was

under Federal control during the entire period thereof, but no contract was entered into between it and the director general, inasmuch as compensation for its property during the period of Federal control was covered in contracts entered into between its tenant lines and the director general. All of the operating expenses, revenues, and fixed charges of the company were billed to and included in the accounts of its tenant lines during the test, Federal control, and guaranty periods. The provisions of section 209 will, therefore, be fully applied to such portion of the result of operations of the company during the guaranty period as was borne by its tenant line which accepted the guaranty, namely, the Louisville & Nashville Railroad Company.

Each of the companies dealt with in this report filed a statement in writing on or before March 15, 1920, accepting the provisions of section 209 of the transportation act, 1920.

We find that the provisions of that section are not applicable to said companies. The proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 L. C. C,

FINANCE DOCKET No. 2325.

IN THE MATTER OF THE APPLICATIONS OF THE BALTIMORE & OHIO RAILROAD COMPANY AND SUBSIDIARIES FOR AUTHORITY TO ISSUE MORTGAGE BONDS.

Submitted May 5, 1922. Decided May 20, 1922.

1. Authority granted to the Baltimore & Ohio Railroad Company to issue not exceeding \$1,840,000 of refunding and general mortgage 6 per cent bonds, series B; said bonds, or any part thereof, to be pledged and repledged, from time to time, until otherwise ordered, as collateral security for any note or notes that may be issued under paragraph (9) of section 20a of the interstate commerce act.
2. Authority granted to subsidiaries of said railroad company to issue various bonds and deliver them upon the order of the Baltimore & Ohio Railroad Company to trustees under certain mortgages.

II. R. Preston for applicant and subsidiaries.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Baltimore & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, hereinafter called the applicant, has duly applied for authority under section 20a of the interstate commerce act to issue \$1,840,000 of its refunding and general mortgage 6 per cent bonds, series B, and to pledge and repledge them, from time to time, as collateral security for any note or notes that it may issue within the limitations prescribed by paragraph (9) of section 20a of the act without our authorization having first been obtained.

Subsidiary companies of the applicant, hereinafter termed the subsidiaries, corporations organized for the purpose of engaging in transportation by railroad subject to the act, have filed intervening applications in this proceeding for authority to issue certain bonds, in amounts as follows:

Schuylkill River East Side Railroad Company-----	\$23, 000
Baltimore & Philadelphia Railroad Company-----	4, 000
Fairmont, Morgantown & Pittsburg Railroad Company-----	22, 500
Wheeling, Pittsburgh & Baltimore Railroad Company-----	49, 500
Confluence & Oakland Railroad Company-----	1, 500
The Pittsburg & Western Railroad Company-----	118, 500

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Baltimore & Ohio Southwestern Railroad Company (Ohio and Indiana) -----	\$860, 500
Baltimore & Ohio Southwestern Railroad Company (Illinois) -----	36, 500
Pittsburgh Junction Railroad Company -----	105, 500

The applicant also seeks authority, on behalf of the subsidiaries, for the issue of these bonds. No objection to the granting of the applications has been presented to us.

In our report of March 28, 1921, in *Bonds of Baltimore & Ohio R. R.*, 67 I. C. C., 341, the financial structure of the applicant and its subsidiaries, so far as material, was set forth. Descriptions of the mortgages under which the bonds of the applicant and of its subsidiaries are to be issued, are given in our order herein.

The applicant shows that, during the period from May 1 to December 1, 1921, it made expenditures, with the exception of various small amounts carried over from preceding periods, for extensions and improvements to and upon properties subject to the lien of its refunding and general mortgage of December 1, 1915, aggregating \$1,840,000, of which \$618,500 was on property directly owned by it in fee and \$1,221,500 on property of its subsidiaries.

In respect of said expenditures amounting to \$1,840,000, the applicant proposes to issue a like amount of bonds, and to use them from time to time for purposes of pledge as collateral security for short-term notes. As to the amount of \$1,221,500 expended upon properties of the subsidiaries, it is proposed that the subsidiaries shall issue bonds for the amounts expended on their respective properties and deliver them to the order of the applicant as provided in the mortgages.

We find that the proposed issues of bonds by the applicant and by the subsidiaries (a) are for lawful objects within their corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purposes stated in its application and in said report, the Baltimore & Ohio Railroad Company be, and it

is hereby, authorized (1) to issue \$1,840,000, principal amount, of its refunding and general mortgage bonds, series B, under and pursuant to, and to be secured by, the refunding and general mortgage dated December 1, 1915, made by the applicant to the Central Trust Company of New York (now the Central Union Trust Company of New York) and James N. Wallace; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on February 1 and August 1 in each year, and to mature on December 1, 1995; and (2) to pledge and repledge, from time to time, until otherwise ordered by this commission, all or any part of said bonds as collateral security for any note or notes that may be issued by the applicant within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act without the authorization of this commission therefor having first been obtained, such pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge to each \$100, face amount, of notes.

It is ordered, That the Schuylkill River East Side Railroad Company be, and it is hereby, authorized to issue \$23,000, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated December 10, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on June 1 and December 1 in each year, and to mature December 1, 1965; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Baltimore & Philadelphia Railroad Company be, and it is hereby, authorized to issue \$4,000, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated December 1, 1916, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on June 1 and December 1 in each year, and to mature December 1, 1995; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Wheeling, Pittsburgh & Baltimore Railroad Company be, and it is hereby, authorized to issue \$49,500, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in

each year, and to mature March 1, 1965; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Confluence & Oakland Railroad Company be, and it is hereby, authorized to issue \$1,500, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated February 1, 1917, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on June 1 and December 1 in each year, and to mature December 1, 1995; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Fairmont, Morgantown & Pittsburg Railroad Company be, and it is hereby, authorized to issue \$22,500, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1965; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Pittsburg & Western Railroad Company be, and it is hereby, authorized to issue \$118,500, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1965; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Pittsburgh Junction Railroad Company be, and it is hereby, authorized to issue \$105,000, principal amount, of refunding and general mortgage bonds under and pursuant to, and to be secured by, the refunding and general mortgage dated March 1, 1915, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1965; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is ordered, That the Baltimore & Ohio Southwestern Railroad Company be, and it is hereby, authorized to issue (1) \$860,000, principal amount, of improvement mortgage bonds under and pursuant to, and to be secured by, the improvement mortgage dated February 1, 1917, made by that company to the Maryland Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year, and to mature March 1, 1965; said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

liam N. Ely; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature December 1, 1995; and (2) \$36,500, principal amount, of improvement mortgage bonds under and pursuant to, and to be secured by, the improvement mortgage (Illinois) dated June 1, 1921, made by the Baltimore & Ohio Southwestern Railroad Company to the Girard Trust Company; said bonds to bear interest at the rate of 6 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature December 1, 1995; all of said bonds to be delivered to the trustees under certain mortgages as set forth in the application.

It is further ordered, That, except as herein authorized, said refunding and general mortgage bonds, series B, shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the Baltimore & Ohio Railroad Company (1) shall report to this commission all pertinent facts relating to the authentication and delivery to it of said refunding and general mortgage bonds, series B, within 10 days thereafter; (2) within 10 days after the pledge or repledge of any of said bonds as herein authorized, shall file certificates of notification to that effect; and (3) within 10 days after the release of said bonds from such pledge, shall report all pertinent facts relating thereto; such reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That each of the subsidiaries shall report to this commission, within 10 days thereafter, all pertinent facts relating to the issue of bonds as herein authorized, such reports to be signed and verified by one of its executive officers having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 750.

IN THE MATTER OF SETTLEMENT WITH THE PORT
ARTHUR CANAL & DOCK COMPANY UNDER SECTION
209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 15, 1922. Decided May 23, 1922.

Held, That the provisions of section 209 of the transportation act, 1920, as amended, are not applicable to the Port Arthur Canal & Dock Company. Proceeding dismissed.

J. A. Edson for the company.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Port Arthur Canal & Dock Company, hereinafter termed the company, is a corporation of the State of Texas and operates an elevator and warehouse facilities, together with docks and wharves in connection therewith, at Port Arthur, Tex. The company filed a written statement with us on March 15, 1920, accepting all the provisions of section 209 of the transportation act, 1920.

The company's property was under Federal control at the termination thereof, but no contract has been entered into between it and the director general fixing compensation as provided in section 1 of the Federal control act.

Our Bureau of Carriers' Accounts had determined that the company sustained an annual deficit in railway operating income of \$36,049.44, or \$18,024.72 for an average six months of the test period. The company has filed a return in response to our order of December 15, 1921, in which it is claimed that the amount due it under said section 209 is \$12,754.92 based upon a deficit of \$18,024.72 for an average six months of the test period and \$30,763.60 as its deficit during the guaranty period, with an allowance of \$16.04 under the provisions of section 4 of the Federal control act. The amounts above indicated arise from operations during the test and guaranty periods of elevators, warehouses, wharves, and docks in connection therewith, as hereinabove indicated.

The company does not perform any transportation service. We are of the opinion that it is not a carrier within the meaning of section 71 I. C. C.

209 and that the provisions of that section are not applicable to it. The proceeding will accordingly be dismissed.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the said proceeding be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 1098.

IN THE MATTER OF THE APPLICATION OF THE CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RAILWAY COMPANY FOR AUTHORITY TO ASSUME, AS LESSEE OF THE CINCINNATI SOUTHERN RAILWAY, OBLIGATIONS IN RESPECT OF AN ISSUE OF BONDS OF THE CITY OF CINCINNATI.

Submitted May 5, 1922. Decided May 23, 1922.

Authority granted to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying, as additional rental, the interest on not exceeding \$2,500,000 of 5 per cent gold bonds of the city of Cincinnati, Ohio, series B, and \$1,000,000 of 5 per cent gold bonds of the city of Cincinnati, Ohio, series C, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity. Previous report, 65 I. C. C., 581.

L. E. Jeffries for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

The Cincinnati, New Orleans & Texas Pacific Railway Company, a common carrier by railroad engaged in interstate commerce, by supplemental application filed in this proceeding on May 5, 1922, has duly applied for authority under section 20a of the interstate commerce act to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying the interest on not exceeding \$1,000,000 of municipal 5 per cent gold bonds of the city of Cincinnati, Ohio, series C, and an annual sum equivalent to 1 per cent of the principal of said bonds to provide a sinking fund for their retirement at maturity on July 1, 1965. No objection to the granting of the application has been presented to us.

By our order in this proceeding dated December 28, 1920, 65 I. C. C., 583, we authorized the applicant to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying sums equal annually to the interest accruing upon not exceeding \$3,500,000 of 5 per cent gold bonds of the city of Cincinnati, Ohio, series B, and such further sums as should be equal to 1 per cent annually of the aggregate principal amount of said series-B bonds, to provide a sinking fund for their redemption at maturity. At the time of that

order the trustees of the Cincinnati Southern Railway, as stated in our former report, had secured authority from the General Assembly of the State of Ohio, in an act approved April 17, 1915, for an issue of municipal bonds of the city of Cincinnati, not to exceed \$2,500,000, for construction of a new bridge across the Ohio River. This work was delayed by conditions subsequently arising, and when it was again undertaken it was felt that the sum originally authorized was insufficient and the trustees secured authority from the legislature for a further issue of bonds, not to exceed \$1,000,000, in an act approved February 4, 1920.

At the time of the former application it was assumed that the entire \$3,500,000 of bonds would be issued as a single series bearing the same dates of issue and maturity. It develops now, however, that but \$2,500,000 of these bonds were issued as series-B bonds, bearing date of July 1, 1920. The remaining \$1,000,000 of bonds are designated series C, are dated January 2, 1922, and are payable January 2, 1965. It will, therefore, be necessary, in order that our authorization may be effective, to amend the original order in this case to conform to the above-outlined statement of facts. The funds arising from the sale of the series-B bonds are practically exhausted. The necessity for the issue and sale of the series-C bonds is therefore urgent.

We find that the proposed assumption by the Cincinnati, New Orleans & Texas Pacific Railway Company, as lessee of the Cincinnati Southern Railway, of the aforesaid obligation in respect of not exceeding \$2,500,000 of 5 per cent gold bonds of the city of Cincinnati, series B, and \$1,000,000 of 5 per cent gold bonds of the city of Cincinnati, series C, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Investigation of the matters and things involved in the supplemental application in this proceeding having been had, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That our order of December 28, 1920, issued in this proceeding, be, and it is hereby, modified, so that the first and second ordering paragraphs thereof shall read as follows:

It is ordered, That the Cincinnati, New Orleans & Texas Pacific Railway Company be, and it is hereby authorized to assume, as lessee of the Cincinnati Southern Railway, the obligation of paying (1) sums equal annually to the interest accruing upon such 5 per cent gold bonds of the city of Cincinnati, Ohio, series B, not exceeding \$2,500,000 in principal amount, and such 5 per cent gold bonds of the city of Cincinnati, Ohio, series C, not exceeding \$1,000,000 in principal amount, as may hereafter actually be issued and sold for the purpose of providing funds for permanent betterments to the applicant's line of railroad, in pursuance of authority from the General Assembly of the State of Ohio contained in certain acts approved respectively on April 17, 1915, and February 4, 1920; said series-B bonds to bear date July 1, 1920, to bear interest at the rate of 5 per cent per annum, payable semiannually on January 1 and July 1 of each year thereafter, to and including the date of maturity as evidenced by interest coupons attached to each bond, and to mature July 1, 1965; said series-C bonds to bear date January 2, 1922, to bear interest at the rate of 5 per cent per annum, payable semiannually on January 2 and July 2 of each year thereafter to and including the date of maturity as evidenced by interest coupons attached to each bond, and to mature January 2, 1965; said series-B and series-C bonds to be secured by a pledge of the faith of the city of Cincinnati, Ohio, and to be sold at not less than par and accrued interest and the proceeds thereof to be immediately applied in the construction of a new railroad bridge across the Ohio River at Cincinnati, Ohio, on the applicant's line of railroad, as aforesaid; and (2) further sums equal to 1 per cent annually of the aggregate principal amount of said series-B and series-C bonds so actually issued and sold for said purpose, to provide a sinking fund for the redemption thereof at their respective maturities as aforesaid; said payments of interest and sinking-fund charges on said series-B bonds to be made in equal installments on January 1 and July 1 of each year after the sale of said bonds, or respective parts thereof, to and including July 1, 1965, and on said series-C bonds on January 2 and July 2 of each year after the sale of said bonds, or respective parts thereof, to and including January 2, 1965, to the trustees of the Cincinnati Southern Railway, and to be deposited by them with the trustees of the sinking fund of Cincinnati, Ohio, for redemption of said interest coupons, as and when payable and for proper administration of the sinking fund thereby created for the payment of the principal of said series-B bonds and said series-C bonds at maturity.

It is further ordered, That the authority herein granted shall not extend to any of said series-B or series-C bonds, the proceeds of which may be applied to any purposes other than the construction of said bridge as aforesaid.

It is further ordered, That, except as herein modified, said order of December 28, 1920, shall remain in full force and effect.

FINANCE DOCKET 2047.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ASSUME OBLIGATION AND LIABILITY.

Submitted January 26, 1922. Decided May 23, 1922.

Authority granted to assume obligation and liability as guarantor in respect of the payment of principal and interest of \$2,118,000 of first-mortgage 4½ per cent bonds of the Evansville, Mount Carmel & Northern Railway Company; said bonds to be used for acquiring certain securities issued by the Peoria & Eastern Railway Company.

John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a common carrier by railroad, engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability as guarantor in respect of the payment of principal and interest of \$2,118,000 of first-mortgage bonds of the Evansville, Mount Carmel & Northern Railway Company, hereinafter called Mount Carmel.

The Michigan Public Utilities Commission has filed an answer to our notice of the filing of the application, asking its dismissal on the ground that we are without jurisdiction. The Public Utilities Commission of Ohio, while failing to file a formal response, has indicated that it does not, by such failure, waive the question of jurisdiction. We are of the opinion that we have jurisdiction. No other objection to the granting of the application has been presented to us by any authority in any other State in which the applicant operates.

The entire capital stock of the Mount Carmel Company, consisting of 5,000 shares, each of a par value of \$100, is owned by the applicant. It appears that the stock was issued to the applicant at par in payment for construction advances.

The first mortgage of the Mount Carmel Company, dated November 1, 1910, to the Guaranty Trust Company of New York, provides for the issue of \$5,000,000, principal amount, of bonds. Under this

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mortgage only \$2,118,000 of bonds have been issued, these having been delivered to the applicant at 80 per cent of par in settlement for construction advances. The bonds bear interest at the rate of $4\frac{1}{2}$ per cent per annum, payable semiannually on January 1 and July 1, and will mature July 1, 1960.

The applicant proposed to indorse on these bonds, which are now held in its treasury, or on so many of them as may be required for its purposes, its guaranty of the payment of the principal and interest thereof, according to their tenor, and to use the bonds for the purpose of acquiring and making payment for such capital stock and income-mortgage noncumulative 4 per cent bonds of the Peoria & Eastern Railway Company, hereinafter called the Peoria, as may be offered by the holders thereof for sale upon the terms herein set forth. The applicant desires to acquire and pay for the capital stock of the Peoria on the basis of one \$1,000 first-mortgage bond of the Mount Carmel Company for 60 shares of stock of the Peoria, each of the par value of \$100, and one \$1,000 first-mortgage bond of the Mount Carmel Company for three \$1,000 income-mortgage bonds of the Peoria.

The Peoria has an authorized capital stock of \$10,000,000, of which \$9,994,200 is outstanding, \$800 has been nominally issued and is held in the treasury, and \$5,000 is reserved for issue in exchange for stock of the Ohio, Indiana & Western Railway Company, the predecessor of the Peoria. Of the stock outstanding, \$5,000,100 is owned by the applicant and \$4,994,100 is in the hands of the public. In addition to the latter amount, the \$800 of stock in the treasury and the \$5,000 of stock reserved may hereafter be outstanding, making an aggregate amount of \$4,999,900 of stock in connection with the acquisition of which the applicant desires to guarantee and use the bonds of the Mount Carmel Company. The income-mortgage bonds of the Peoria were issued under its income mortgage, dated February 22, 1890, made to secure \$4,000,000, principal amount, of bonds, all of which are now outstanding in the hands of the public.

The value of the equity represented by the securities of the Peoria, which the applicant proposes to acquire, based on quotation of prices of these securities during November, 1921, just prior to the announcement of the applicant's proposed plan of acquisition, ranged from \$1,144,992 to \$1,374,990.50. As it will be necessary for the applicant, should all the holders of the income bonds and of the common stock outstanding and which may be outstanding present their holdings for exchange, to supplement the bonds of the Mount Carmel Company with a cash payment of \$48,650, the value of the equity to be acquired through the use of the Mount Carmel bonds, as reflected by the quotations mentioned above, would be from \$1,096,342 to \$1,326,340.50.

To realize the former amount, it would be necessary to sell the \$2,118,000 of the Mount Carmel Company's bonds at approximately 51.763 per cent of par, and to realize the latter at 62.622 per cent of par.

As reflected by the net earnings of the Peoria for the years 1915 to 1920, inclusive, capitalized on the basis of 6 per cent, the value of the equity represented by the securities to be acquired through the use of the bonds of the Mount Carmel Company is \$1,981,566. To purchase this equity it would be necessary to sell the bonds at approximately 93.566 per cent of par. On a 6 per cent basis, the bonds of the Mount Carmel Company would sell for approximately 77.65 per cent of par.

The Peoria is included with the applicant in the New York Central system in the grouping of roads under the tentative plan for consolidation of railroad properties promulgated by us under date of August 3, 1921. *Consolidation of Railroads*, 63 I. C. C., 455. The applicant represents that the proposed acquisition of securities of the Peoria Company will be in aid of such consolidation, and that, while the acquisition will not of itself affect matters of administration and operation, it will immediately result in a substantial saving in expense, in that it will no longer be necessary to keep separate accounts for the Peoria's line, as it is now required to do under an operating agreement which it has with that company.

Assuming that all the holders of the Peoria's stock and income bonds avail themselves of the applicant's offer, the fixed charges of the applicant will be increased by reason of the proposed assumption of obligation and liability \$95,310 per annum, less whatever amount of net earnings might in the future be payable to the applicant as holder of the Peoria's income bonds. The amount payable on the income bonds out of earnings is \$160,000 a year. This amount was paid on the income bonds in each of the years 1910, 1911, and 1913, in each case out of net income for the previous year. No interest has been paid on the income bonds since 1913. As the applicant must pay the interest on the first-mortgage bonds and, when earned, on the income bonds, it thus appears that, as against a contingent interest charge of \$160,000, the applicant will assume a fixed charge of \$95,310.

We find that the proposed assumption by the applicant of obligation or liability in respect of the payment of the principal and interest of the bonds of the Evansville, Mount Carmel & Northern Railway Company as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which

will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

A hearing having been held in this proceeding, and full investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to assume obligation and liability as guarantor in respect of not exceeding \$2,118,000, principal amount, of first-mortgage 4½ per cent bonds of the Evansville, Mount Carmel & Northern Railroad Company, now outstanding, issued under and pursuant to, and secured by, the first mortgage, dated November 1, 1910, to the Guaranty Trust Company of New York, trustee, and maturing July 1, 1960, by indorsing upon each of said bonds its guaranty of payment of the principal and interest thereof, in the form set forth in the application; said bonds to be used solely for the purpose, in the manner, and upon the terms set forth in said application and report.

It is further ordered, That, for the period ending December 31, 1922, and for each six months' period thereafter, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company shall, within 30 days after the close of each period, report to this commission all pertinent facts relating to (1) the guaranty of said first-mortgage 4½ per cent bonds, and (2) the exchange of said first-mortgage bonds for income bonds and common stock of the Peoria & Eastern Railway Company, such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 2213.

IN THE MATTER OF THE APPLICATION OF THE
WICHITA FALLS & SOUTHERN RAILROAD COMPANY
FOR AUTHORITY TO ISSUE COMMON STOCK, PRE-
FERRED STOCK, AND BONDS.

Submitted April 24, 1922. Decided May 23, 1922.

1. Authority granted to issue not exceeding \$161,000 of common capital stock, consisting of 1,610 shares of the par value of \$100 each; said stock to be delivered at par to stock subscribers in part payment of advances for capital purposes.
2. Authority granted to issue not exceeding \$644,000 of noncumulative preferred stock, consisting of 6,440 shares of the par value of \$100 each; said stock to be sold at not less than 80 per cent of par, and the proceeds used in part payment for construction and equipment and to discharge certain indebtedness.
3. Authority granted to issue \$688,000 of first-mortgage 6 per cent gold bonds; said bonds to be sold at not less than 85 per cent of par and the proceeds used for like purposes.

Charles C. Huff for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Wichita Falls & Southern Railroad Company, a common carrier by railroad engaged in interstate commerce, by original application and amendment thereto, has duly applied for authority under section 20a of the interstate commerce act to issue not exceeding \$161,000 of common capital stock, \$644,000 of 6 per cent noncumulative preferred stock, and \$874,000 of first-mortgage 6 per cent gold bonds, in part payment for construction and equipment and to discharge indebtedness incurred in connection therewith. No objection to the granting of the application has been presented to us.

The applicant was incorporated under the laws of Texas on November 1, 1920, with a total authorized capital stock of \$144,000. By an amendment to the articles of incorporation, on March 8, 1922, the authorized capital stock was increased to \$805,000, consisting of 1,610 shares of common capital stock of the par value of \$100 each, and 6,440 shares of 6 per cent noncumulative preferred stock of the par value of \$100 each. Resolutions of the incorporators and of the applicant's board of directors limit the issue of bonds to \$874,000.

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By our certificate of public convenience and necessity, dated February 28, 1921, in *Public-Convenience Certificate to W. F. & S. R. R.*, 67 I. C. C., 184, the applicant was authorized to construct a line of railroad extending from Newcastle, in Young County, through the towns of Graham, South Bend, and Eliasville, to Jimkurn, Stevens County, all in the State of Texas.

The applicant has submitted sworn statements of the cost of its road and equipment, classified in accordance with our accounting requirements, showing a net investment of \$1,670,305.10, distributed as follows:

Constructing road.....	\$1, 461, 764. 48
Equipping road	115, 287. 59
General expenditures.....	93, 253. 03

Construction of the railroad was financed through advances made by subscribers to the applicant's capital stock, and through donations from towns and communities along its right of way. Material and equipment were purchased with funds from those sources, or on credit extended by vendors.

The applicant's general balance sheet, as of October 31, 1921, shows liabilities in the amount of \$1,690,400.68, which may be summarized as follows:

Frank Kell, trustee, (cash advances, etc.).....	\$1, 067, 505. 56
Loans and notes payable (including interest) ..	196, 650. 63
Vendors of equipment and material.....	76, 205. 55
Officers and others (personal services).....	82, 500. 00
Frank Kell, personal (terminal grounds).....	154, 800. 00
Other liabilities	162, 738. 94

It is represented that practically all of these liabilities were incurred in constructing and equipping the railroad. In the first item are included cash in the amount of \$251,818.82 and real estate valued at \$42,372, donated by towns and communities along the applicant's right of way. The balance of this item represents cash advanced by the stock subscribers.

Plans for funding the obligations enumerated include the issue of the entire amount of authorized common capital stock at par to the stock subscribers in part payment of advances made by them, and the sale of the entire amount of authorized preferred stock, at not less than 80 per cent of par, and of \$874,000 of first-mortgage bonds, at not less than 85 per cent of par. While no arrangements have been made for the sale of the bonds and preferred stock, the applicant represents that it will endeavor to dispose of them at not less than the prices specified, and that, in the event it is unable to find a market for them, the stock subscribers will take them at those prices.

As was stated in our report in *Public-Convenience Certificate to W. F. & S. R. R., supra*, the applicant will be required, in issuing bonds, to limit the amount thereof to 50 per cent of the total cost of road and equipment, exclusive of amounts donated, so that fixed charges will in no event exceed the estimates there made of net income from local traffic. Our order will, therefore, provide for an issue of only \$688,000 of first-mortgage bonds, this being approximately 50 per cent of the total cost of road and equipment, exclusive of amounts donated.

With the amount of the bonds thus limited, the total net proceeds to be derived from all securities to be issued, if sold on the basis proposed by the applicant, will be:

	Par value.	Net proceeds.
Common stock, at par.....	\$161,000	\$161,000
Preferred stock, at 80 per cent of par.....	644,000	515,200
Bonds, at 85 per cent of par.....	688,000	584,800
Total.....	1,493,000	1,261,000

It is obviously impossible for the applicant, with these proceeds, to meet all its obligations. Any amounts remaining unpaid will stand on its books as due the stock subscribers and will be paid from earnings of the railroad. Including the amount of donations, the unpaid claim of the stock subscribers will be approximately \$429,000. This exceeds the amount of donations by approximately \$135,000.

Copies of certificates of both common and preferred stock were filed with the application. Holders of certificates of preferred stock will be entitled to receive out of net earnings noncumulative dividends at the rate of 6 per cent per annum, payable semiannually.

As security for the proposed bond issue, the applicant will execute, as of October 1, 1921, substantially in the form submitted with the application, a first mortgage upon its property, to the Mississippi Valley Trust Company, of St. Louis, as trustee. The bonds will be dated October 1, 1921, bear interest at the rate of 6 per cent per annum, payable semiannually on April 1 and October 1, and will mature October 1, 1951. The cost of the issue, if the bonds are sold on a basis of 85 per cent net to the applicant, will be approximately 7.24 per cent per annum on the proceeds.

We find that the issue by the applicant of common and noncumulative preferred capital stock and of first-mortgage bonds, as aforesaid, (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to

the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Wichita Falls & Southern Railroad Company be, and it is hereby, authorized to issue not exceeding \$161,000 of its common capital stock, consisting of 1,610 shares of the par value of \$100 each; the certificates representing said shares to be in the form submitted with the application; said stock to be issued at par, in part payment of advances made by stock subscribers for capital expenditures, as set forth in said report.

It is further ordered, That the Wichita Falls & Southern Railroad Company be, and it is hereby, authorized to issue not exceeding \$644,000 of its 6 per cent noncumulative preferred stock, consisting of 6,440 shares of the par value of \$100 each; the certificates representing said shares to be in the form submitted with the application. said stock to be sold at not less than 80 per cent of par, and the proceeds thereof to be used solely for the purposes set forth in said application and report.

It is further ordered, That the Wichita Falls & Southern Railroad Company be, and it is hereby, authorized to issue not exceeding \$688,000, principal amount, of first-mortgage gold bonds, under and pursuant to, and to be secured by, a first mortgage, to be made by the applicant to the Mississippi Valley Trust Company under date of October 1, 1921, substantially in the form filed with the application herein; said bonds to be dated October 1, 1921, to bear interest at the rate of 6 per cent per annum, payable semiannually on April 1 and October 1, to mature October 1, 1951, and to be substantially in the form submitted in this proceeding; said bonds to be sold at such price, not less than 85 per cent of par and accrued interest, that the total cost to the applicant shall not exceed 7.25 per cent per annum on the proceeds realized from the sale thereof, including in such cost interest, discount, attorneys' fees, and any other expenses incurred in connection with such sale, and the proceeds thereof to be used solely for the purposes set forth in said application and report.

It is further ordered, That, within 10 days after the execution and delivery thereof, the applicant shall file with this commission a veri-

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fied copy of said proposed first mortgage in the form in which executed.

It is further ordered, That, except as herein authorized, said securities shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days thereafter, respectively, the applicant shall report to this commission all pertinent facts relating to the issue of said common capital stock, noncumulative preferred stock, and first-mortgage bonds; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stocks, or dividends thereon, or as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 2294.

IN THE MATTER OF THE APPLICATION OF THE WICHITA FALLS & OKLAHOMA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO CONSTRUCT AN EXTENSION OF ITS LINE OF RAILROAD.

FINANCE DOCKET No. 2295.

IN THE MATTER OF THE APPLICATION OF THE WICHITA FALLS & OKLAHOMA RAILROAD COMPANY OF OKLAHOMA FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO CONSTRUCT A NEW LINE OF RAILROAD.

Submitted May 5, 1922. Decided May 23, 1922.

1. Certificate issued authorizing the Wichita Falls & Oklahoma Railway Company to construct an extension of its line of railroad in Clay County, Tex., and authorizing the Wichita Falls & Oklahoma Railroad Company of Oklahoma to construct a new line of railroad in Jefferson County, Okla.
2. Permission granted to the Wichita Falls & Oklahoma Railroad Company of Oklahoma to retain excess earnings.

Joseph H. Barwise, jr., for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Wichita Falls & Oklahoma Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter called the Wichita Company, and the Wichita Falls & Oklahoma Railroad Company of Oklahoma, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, hereinafter called the Oklahoma Company, on March 21, 1922, filed separate applications for certificates of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, as follows:

The Wichita Company asks authority to construct an extension of its line of railroad from Byers, Clay County, Tex., in a northeasterly direction to a point on the Texas-Oklahoma State line, a distance of 5.8 miles. The Oklahoma Company requests permission to construct

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a new line of railroad, extending from a connection with the above extension to Waurika, Jefferson County, Okla., a distance of 7.5 miles, and to retain the excess earnings therefrom. The two applications cover a proposed extension of the railroad of the Wichita Company from Byers to Waurika, a distance of 13.3 miles. The Wichita Company is incorporated under the laws of Texas. As a part of the proposed line is to be located in Oklahoma it is stated that it was necessary to incorporate the Oklahoma Company to construct that portion. No objection to the granting of either of the applications has been presented to us.

The Wichita Company is a subsidiary of the Colorado & Southern system. Its entire capital stock, consisting of 230 shares of the par value of \$100 each, excepting directors' qualifying shares, is owned by the Colorado & Southern Railway Company. Its railroad, which extends from Wichita Falls, Tex., in a northeasterly direction to Byers, a distance of 22.8 miles, is leased to and operated by the Wichita Valley Railway Company, another subsidiary of the above system, which will also operate this entire extension, when completed, under a lease.

At Wichita Falls the railroad of the Wichita Company connects with the Fort Worth & Denver City Railway and the Wichita Valley Railway, both affiliated lines of the Colorado & Southern system; also with the Wichita Falls & Southern Railway and the Missouri, Kansas & Texas Railway of Texas. The line does not connect with other railroads except at Wichita Falls. The proposed extension to Waurika would give the Wichita Company railroad connection with two lines of the Chicago, Rock Island & Pacific Railway Company, one of which is a through line to Kansas City and Chicago.

It is stated that Wichita Falls has a population of at least 40,000, that it is located in an agricultural country, and in one of the great oil fields of Texas, and that it has a number of manufacturing plants. This city is the traffic gateway for a large territory lying southwest thereof, having a population of 200,000. It is asserted that Wichita Falls, as well as its trade territory, has been and is developing, and that there is a large railroad traffic moving between it and Oklahoma City, Kansas City, St. Louis, and Chicago, as well as between the northern and western country generally.

The territory traversed by the proposed line is described as rolling prairie land, devoted to grazing, stock raising, and the raising of agricultural products. There are no cities, towns, or villages on the line, excepting at its termini, and the intervening territory is not served by any railroad. The primary purpose of the proposed construction is to furnish a cut-off for the movement of through traffic

between Wichita Falls and Waurika and points on the railroads and their connections now reaching these cities. It is evident that the construction of this line will result in a substantial shortening of the rail distance between important points.

The applicants estimate that at least 3,000 carloads of through freight will move over this line annually. It is asserted that substantially all of the interchange traffic could be transported by existing railroads, but that a large part of it would have to be hauled more than 100 miles farther, and that no part of it could be moved by existing lines without a longer haul of at least 55 miles. It is stated that 65 per cent of the northbound traffic would consist of petroleum and its products, 25 per cent live stock, and 10 per cent cotton, merchandise, and miscellaneous freight. Of the southbound traffic, 70 per cent would consist of agricultural products, 20 per cent manufactured products, and 10 per cent miscellaneous freight.

The cost of constructing the line, as estimated by the applicants, is \$455,733. This estimate appears to have been carefully prepared and to be sufficient for a line of moderate traffic. No equipment or right-of-way cost is included. The Wichita Valley Railway Company will furnish all necessary equipment for the operation of the line. Committees of citizens at Byers and Waurika have agreed to donate a right of way for the entire line, and terminal facilities at Waurika worth \$5,000.

Gross revenues are estimated by the applicants at \$140,000 a year for the first five years. Net revenue is estimated at \$50,000, and the net railway operating income is estimated at \$35,000 a year. The proposed line will constitute an extension of the Colorado & Southern system and it is anticipated that the revenues of that system will be increased by traffic moving over this extension to points on its other lines. No allowance for this incidental benefit has been made in the estimates of revenues. It appears reasonably clear that the proposed line would earn a fair return on the investment.

It is proposed to finance the proposed construction by issuing capital stock and bonds of the applicant companies to an amount equal to the reasonable cost thereof. The applicants state that these securities will not be sold to the public, but will be subscribed for and held by the Colorado & Southern Railway Company in return for the cash advances made by it for the construction of the line. No application for authority to issue securities is pending before us.

It appears that the proposed line would furnish a valuable connection for the Colorado & Southern system. It should also be of advantage to Wichita Falls and important areas in Texas for which

that city is the gateway, as it would shorten the haul from that section to central and northern points.

Upon the facts presented we find that the present and future public convenience and necessity require and will require the construction by the Wichita Falls & Oklahoma Railway Company of an extension of its line of railroad in Clay County, Tex., and the construction by the Wichita Falls & Oklahoma Railroad Company of Oklahoma of a new line of railroad in Jefferson County, Okla., as proposed in the applications. We further find that the Wichita Falls & Oklahoma Railroad Company of Oklahoma should be permitted to retain for a period not to exceed 10 years from the date its road is completed and placed in operation, but not later than December 31, 1933, all of its earnings derived from such new construction in excess of the amount otherwise provided in section 15a of the interstate commerce act for such disposition as it may lawfully make, conditioned, however, upon completion of the work of construction on or before December 31, 1923. A certificate to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in these proceedings having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction by the Wichita Falls & Oklahoma Railway Company of an extension of its line of railroad in Clay County, Tex., and the construction by the Wichita Falls & Oklahoma Railroad Company of Oklahoma of a new line of railroad in Jefferson County, Okla., as described in the applications and report aforesaid.

It is ordered, That the Wichita Falls & Oklahoma Railway Company and the Wichita Falls & Oklahoma Railroad Company of Oklahoma be, and they are hereby, authorized to construct said extension and new line of railroad, respectively.

It is further ordered, That the Wichita Falls & Oklahoma Railroad Company of Oklahoma be, and it is hereby, permitted to retain for a period not to exceed 10 years from the date the said new line of railroad is completed and placed in operation, but not later than December 31, 1933, all of its earnings in excess of the amount provided in section 15a of the interstate commerce act, for such disposition as

it may lawfully make of the same: *Provided, however,* and this permission is granted upon the express condition, that the construction of said new line of railroad shall be completed on or before December 31, 1923.

And it is further ordered, That said Wichita Falls & Oklahoma Railway Company and said Wichita Falls & Oklahoma Railroad Company of Oklahoma, when filing schedules establishing rates and fares to and from points on said extension and said new line of railroad, respectively, shall in such schedules refer to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 2332.

IN THE MATTER OF THE APPLICATION OF THE CAROLINA & GEORGIA RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted May 12, 1922. Decided May 23, 1922.

Authority granted to issue not exceeding \$350,000 of first-mortgage 6 per cent gold bonds under a proposed mortgage to be dated March 1, 1922; \$135,000 of said bonds to be exchanged, par for par, for \$135,000 of the applicant's outstanding first-mortgage 6 per cent bonds dated January 1, 1920, and the remainder to be sold at not less than 85 per cent of par and accrued interest, the proceeds to be used in constructing and equipping the applicant's road.

F. G. Heazel for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

By an application filed April 5, 1922, and by a supplemental application filed May 12, 1922, the Carolina & Georgia Railway Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, has requested authority under section 20a of that act for the issue of not exceeding \$350,000 of first-mortgage 6 per cent gold bonds. No objection to the granting of the application has been presented to us.

The applicant has a line of railroad under construction from a point on the Murphy branch of the Southern Railroad, near the town of Andrews, N. C., to Hayesville, N. C., a distance of approximately 25 miles, with an extension of 8 miles to Hiawasse, Ga., in contemplation.

Under date of January 1, 1920, the applicant made a mortgage or deed of trust to the Central Bank & Trust Company, of Asheville, N. C., which provided for the issue of not exceeding \$200,000 of first-mortgage 6 per cent bonds, bearing date of January 1, 1920, and maturing January 1, 1930, of which amount \$135,000 has been issued and is now outstanding.

It is represented by the applicant that, in order to place its railroad in proper condition for operation, it will be necessary to have a greater amount of money than would be produced by the sale of the bonds remaining unissued under the mortgage of January 1, 1920.

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The applicant therefore proposes to issue \$350,000 of bonds under an indenture to be made by it under date of March 1, 1922, to the Central Bank & Trust Company. These bonds will be dated March 1, 1922, and will mature March 1, 1942. They will be designated as first-mortgage 6 per cent gold bonds, and the mortgage securing them will provide that they may be issued when and after the mortgage of January 1, 1920, shall have been released of record and the bonds issued thereunder retired and canceled.

The holders of the \$135,000 of outstanding bonds have signified their willingness to accept a like amount of the proposed bonds in exchange, which is to be made on the basis of par for par, with adjustment of the accrued interest on the outstanding bonds and on the bonds to be issued in exchange. It appears that the remaining \$215,000 of the proposed bonds will be sold at not less than 85 per cent of par and accrued interest and the proceeds used for the following purposes:

Purchase of rail.....	\$80, 000. 00
Purchase of equipment.....	24, 500. 00
Grading, laying track, ballasting, etc.....	15, 500. 00
To be applied on obligations incurred in connection with construction work.....	120, 465. 34

We find that the proposed issue of bonds by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Carolina & Georgia Railway Company be, and it is hereby, authorized to issue not exceeding \$350,000, principal amount, of first-mortgage 6 per cent gold bonds under and pursuant to, and to be secured by, an indenture to be made under date of March 1, 1922, by the applicant to the Central Bank & Trust Company, of Asheville, N. C.; said bonds to be dated March 1, 1922, to mature March 1, 1942, to bear interest at the rate of 6 per cent per annum, payable semiannually on March 1 and September 1 in each year,

and to be redeemable as provided in said indenture; \$135,000 of said bonds to be exchanged, par for par, for a like principal amount of outstanding bonds of the applicant bearing date of January 1, 1920, the accrued interest on the outstanding bonds and on the bonds issued in exchange to be adjusted at the time of such exchange, and the remaining \$215,000 of the proposed issue of bonds to be sold at not less than 85 per cent of par and accrued interest, the proceeds to be used for the purpose of purchasing rail and equipment, of grading, laying track, ballasting, etc., and of extinguishing part of certain obligations incurred for construction, as set forth in the application and in the aforesaid report.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the proposed indenture with date of March 1, 1922, shall have been executed, the applicant shall file an attested copy thereof with this commission.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to (1) the exchange of said \$135,000 of bonds under date of March 1, 1922, for a like amount of outstanding bonds dated January 1, 1920; and (2) the issue and sale of the remaining \$215,000 of bonds as hereinbefore authorized; and for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close thereof, the applicant shall report all pertinent facts relating to the use of the proceeds of the sale of said \$215,000 of bonds, such reports to be made periodically until all of said proceeds shall have been used; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 2377.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE PREFERRED STOCK.

Submitted May 15, 1922. Decided May 23, 1922.

Authority granted to issue not exceeding \$10,929,600 of preferred stock, consisting of 109,296 shares of the par value of \$100; said stock to be sold at not less than par for cash, and the proceeds used for construction purposes.

W. S. Horton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$10,929,600 of its preferred stock, which is to be sold at not less than par and the proceeds applied to construction purposes. No objection to the granting of the authority requested has been presented to us.

New capital is required by the applicant for the purpose of electrification and enlargement of terminal facilities in the vicinity of Chicago, Ill., in order to comply with an ordinance passed by the city of Chicago on July 21, 1919, which was accepted by the applicant February 18, 1920, and was made effective by the approval of the Secretary of War on February 20, 1920, together with the rehabilitation and development of the properties of the applicant within the Chicago terminal district, including the purchase of additional land, directly or indirectly, associated with the compliance with the terms of the ordinance mentioned, and to reimburse the treasury of the applicant for expenditures made for such purposes, and for other lawful purposes. These matters, which are more fully set forth in the application, cover, generally, the electrification of the applicant's lines from Chicago to Matteson, Ill., the reconstruction of the applicant's principal passenger station and freight terminals at Chicago, construction of the Markham yard, and other improvements in connection therewith. The estimated expenditures, chargeable to capital account, amount to \$78,057,616. The proceeds of the sale of the proposed preferred stock will be applied upon the projects involved.

and to be redeemable as provided in said indenture; \$135,000 of said bonds to be exchanged, par for par, for a like principal amount of outstanding bonds of the applicant bearing date of January 1, 1920, the accrued interest on the outstanding bonds and on the bonds issued in exchange to be adjusted at the time of such exchange, and the remaining \$215,000 of the proposed issue of bonds to be sold at not less than 85 per cent of par and accrued interest, the proceeds to be used for the purpose of purchasing rail and equipment, of grading, laying track, ballasting, etc., and of extinguishing part of certain obligations incurred for construction, as set forth in the application and in the aforesaid report.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the proposed indenture with date of March 1, 1922, shall have been executed, the applicant shall file an attested copy thereof with this commission.

It is further ordered. That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to (1) the exchange of said \$135,000 of bonds under date of March 1, 1922, for a like amount of outstanding bonds dated January 1, 1920; and (2) the issue and sale of the remaining \$215,000 of bonds as hereinbefore authorized; and for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close thereof, the applicant shall report all pertinent facts relating to the use of the proceeds of the sale of said \$215,000 of bonds, such reports to be made periodically until all of said proceeds shall have been used; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2377.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE PREFERRED STOCK.

Submitted May 15, 1922. Decided May 23, 1922.

Authority granted to issue not exceeding \$10,929,600 of preferred stock, consisting of 109,296 shares of the par value of \$100; said stock to be sold at not less than par for cash, and the proceeds used for construction purposes.

W. S. Horton for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$10,929,600 of its preferred stock, which is to be sold at not less than par and the proceeds applied to construction purposes. No objection to the granting of the authority requested has been presented to us.

New capital is required by the applicant for the purpose of electrification and enlargement of terminal facilities in the vicinity of Chicago, Ill., in order to comply with an ordinance passed by the city of Chicago on July 21, 1919, which was accepted by the applicant February 18, 1920, and was made effective by the approval of the Secretary of War on February 20, 1920, together with the rehabilitation and development of the properties of the applicant within the Chicago terminal district, including the purchase of additional land, directly or indirectly, associated with the compliance with the terms of the ordinance mentioned, and to reimburse the treasury of the applicant for expenditures made for such purposes, and for other lawful purposes. These matters, which are more fully set forth in the application, cover, generally, the electrification of the applicant's lines from Chicago to Matteson, Ill., the reconstruction of the applicant's principal passenger station and freight terminals at Chicago, construction of the Markham yard, and other improvements in connection therewith. The estimated expenditures, chargeable to capital account, amount to \$78,057.616. The proceeds of the sale of the proposed preferred stock will be applied upon the projects involved.

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The stock to be issued will be known as preferred stock, series A. It will have a preference as to dividends at a rate not exceeding 6 per cent per annum, which will be noncumulative; and a preference in the distribution of applicant's assets upon dissolution. The proposed preferred stock will be convertible at the holder's option into common stock, share for share, after September 1, 1922, and the preferred stock may be redeemed by the applicant after September 1, 1927, at a premium of 15 per cent of the par value thereof. In authorizing the issue of this preferred stock with the privilege of conversion into common stock, it is not to be understood that we are, at this time, in any respect, authorizing the issue of common stock in order that the privilege of conversion may be exercised.

The applicant contemplates offering the proposed preferred stock to the holders of its common stock at par. The Union Pacific Railroad Company and the Railroad Securities Company, each of which owns common stock of the applicant, have agreed to purchase \$3,170,000 of the \$10,929,600 of preferred stock, leaving \$7,759,600, the sale of which has been underwritten by Kuhn, Loeb & Company for a compensation equal to $3\frac{1}{2}$ per cent of the par value thereof.

We find that the proposed issue of preferred stock by the applicant as aforesaid (a) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered. That the Illinois Central Railroad Company be, and it is hereby, authorized to issue not exceeding \$10,929,600 of preferred stock, consisting of 109,296 shares of the par value of \$100; said preferred stock to be entitled to preference, to be convertible, and to be subject to redemption, as set forth in the application, and the certificates representing said shares to be substantially in the form submitted with the application; said preferred stock to be sold for cash at not less than par, and the proceeds to be used for capital purposes, or in reimbursement of the applicant's treasury for expenditures therefrom for capital purposes, as set forth in the application:

Provided, however, That the cost to the applicant of the sale of said stock shall not exceed $3\frac{1}{2}$ per cent of \$7,759,600.

It is further ordered, That, except as herein authorized, said preferred stock shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue and sale of said stock; and for the period ending June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such period, the applicant shall report to this commission the actual expenditures chargeable to capital account and to operating expenses, distributed to primary accounts in accordance with the commission's classification of accounts, and showing the main divisions of the general project to which such expenditures relate, such as passenger terminal, freight facilities, electrification, etc.; said reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 330.

IN THE MATTER OF SETTLEMENT WITH THE BULLFROG GOLDFIELD RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted May 19, 1922. Decided May 25, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Bullfrog Goldfield Railroad Company ascertained to be \$21,954.88. An aggregate amount of \$7,500 having been certified for payment as advances under paragraph (h) of said section, the amount to be certified in final settlement with said company is \$14,454.88. Certificate issued.

H. Escherich for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Bullfrog Goldfield Railroad Company, hereinafter termed the carrier, is a carrier by steam railroad which has heretofore engaged as a common carrier in general transportation in the State of Nevada. It competes for traffic with the Southern Pacific Company, a railroad which was under Federal control, and its line of railroad also connects with the line of the Tonopah & Goldfield Railroad at Goldfield, Nev., which latter road was under Federal control until relinquished by the director general. It is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 9, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and

carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$21,954.88, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$14, 574. 27
One-half of amount of annual net railway operating income for the test period.....	8, 322. 74
Total amount claimed.....	<u>22, 897. 01</u>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$28, 724. 43
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	26, 023. 32
Deduction for maintenance.....	2, 701. 11
Net deficit in railway operating income for the guaranty period as claimed.....	\$14, 574. 27
Net deficit in railway operating income for the guaranty period as determined by us.....	16, 333. 25
Addition	<u>1, 758. 98</u>
Net deductions.....	<u>942. 13</u>

Amount necessary to make good the guaranty..... 21, 954. 88

Certificates for advances under paragraph (h) of section 209 have been issued by us in favor of the carrier on the dates and in the amounts as follows:

Certificate No. A-88, July 9, 1920.....	\$5, 000
Certificate No. A-21, May 10, 1920.....	2, 500

The amount still due the carrier therefore is \$14,454.88, for which an appropriate certificate will be issued.

Certificate No. A-638 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Bullfrog Goldfield Railroad
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Company, a corporation of the State of Nevada, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$21,954.88 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$7,500, under two certificates, as follows:

Certificate No. A-21, May 10, 1920-----	\$2, 500	·
Certificate No. A-88, July 9, 1920-----	5, 000	

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of advances heretofore certified, as aforesaid, is \$14,454.88.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 25th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 369.

GUARANTY SETTLEMENT WITH THE CHICAGO & EASTERN ILLINOIS RAILROAD COMPANY.

IN THE MATTER OF SETTLEMENT WITH THE CHICAGO & EASTERN ILLINOIS RAILROAD COMPANY (WILLIAM J. JACKSON, RECEIVER) UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 20, 1922. Decided May 25, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Chicago & Eastern Illinois Railroad Company (William J. Jackson, receiver), ascertained to be \$2,223,982.56. An aggregate amount of \$1,500,000 having been certified for payment as advances under paragraph (h), the amount to be certified in final settlement with said company is \$723,982.56. Certificate issued.

William J. Jackson for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.
BY DIVISION 4:

The Chicago & Eastern Illinois Railroad Company (William J. Jackson, receiver), hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the States of Illinois, Indiana, and Missouri. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive. It is therefore a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a)

of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$2,223,982.56, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$740,289.00
One-half amount of annual compensation under Federal control act named in contract.....	2,000,000.00
Increase in compensation under section 4 of the Federal control act.....	81,147.38
Total amount claimed.....	<u>2,321,436.38</u>

Adjustments:

Amount claimed under section 4 of the Federal control act.....	\$81,147.38	
Allowance under section 4 of the Federal control act	80,980.50	
Deduction under section 4.....		166.88
Amount claimed for maintenance of way and structures and for maintenance of equipment	\$7,465,614.42	
Amount fixed for maintenance of way and structures and for maintenance of equipment	6,892,683.30	
Deduction for maintenance.....		572,931.12
Deduction on account of unaudited items estimated by us and agreed to by the carrier under section 212(b) of the transportation act, 1920.....		24,355.82
Deductions		<u>597,453.82</u>

Amount necessary to make good the guaranty..... 2,223,982.56

Certificate for an advance of \$1,500,000 under paragraph (h) of section 209 was issued by us in favor of the carrier on August 31, 1920. The amount still due the carrier is, therefore, \$723,982.56, for which an appropriate certificate will be issued.

COMMISSIONER POTTER dissents.

Certificate No. A-637 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Chicago & Eastern Illinois Railroad Company (William J. Jackson, receiver), a corporation of the States of Illinois and Indiana, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$2,223,982.56 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as an advance to said carrier under section 209(h), an amount of \$1,500,000 under certificate No. A-223, dated August 31, 1920.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to an advance heretofore certified under section 209(h), is \$723,982.56.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 25th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 641.

IN THE MATTER OF SETTLEMENT WITH THE MISSISSIPPI CENTRAL RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted January 3, 1922. Decided May 25, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Mississippi Central Railroad Company ascertained to be \$283,581.46. An amount of \$245,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$38,581.46. Certificate issued.

G. F. Royce for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Mississippi Central Railroad Company, hereinafter termed the carrier, is a carrier by railroad which during the guaranty period engaged as a common carrier in general transportation in the State of Mississippi. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive. It is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or

the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$283,581.46, as shown by the following statement:

Basis of claim:

Deficit in net railway operating income for the guaranty period.....	\$195,806.98
One-half amount of annual compensation under Federal control act named in contract.....	166,941.15
Total amount claimed.....	<u>362,748.13</u>

Adjustments:

Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$438,731.88
Amount fixed for maintenance of way and structures and for maintenance of equipment..	364,280.21
Deduction for maintenance.....	74,451.67
Deduction on account of unaudited items under section 212 (b) of the transportation act, 1920.....	4,715.00
Total deductions.....	<u>79,166.67</u>

Amount necessary to make good the guaranty..... 283,581.46

A certificate for a partial payment in the amount of \$245,000 under paragraph (g) of section 209, as amended by section 212, has been issued by us in favor of the carrier under date of May 9, 1921. The amount still due the carrier is, therefore, \$38,581.46, for which an appropriate certificate will be issued.

Certificate No. A-641 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Mississippi Central Railroad Company, a corporation of the State of Mississippi, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$283,581.46 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$245,000 under certificate No. 448, dated May 9, 1921.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$38,581.46.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by said section 209.

Dated this 25th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 669.

IN THE MATTER OF SETTLEMENT WITH THE MOUNT HOPE MINERAL RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 1, 1922. Decided May 25, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Mount Hope Mineral Railroad Company ascertained to be \$3,675.81. An amount of \$4,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount due the United States Government is ascertained to be \$324.19. Modified certificate issued.

J. S. Stillman for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Mount Hope Mineral Railroad Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of New Jersey. Its line of railroad connects with the lines of the Delaware, Lackawanna & Western Railroad Company and Central Railroad Company of New Jersey at Wharton, N. J., which latter roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 209 of the transportation act, 1920, as amended by section 212 of the same act, and the contract between the United States and car-

riers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$3,675.81, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$1, 693. 35
Net railway operating income for the test period.....	9, 559. 19

Total amount claimed.....	7, 805. 84
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Adjustments:

Net railway operating income for the guaranty period as claimed by carrier.....	\$1, 693. 35
Net railway operating income as determined by us....	5, 883. 38
Deduction.....	4, 190. 03

Amount necessary to make good the guaranty.....	3, 675. 81
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A certificate for a partial payment in the amount of \$4,000 under paragraph (g) of section 209, as amended by section 212, was issued by us in favor of the carrier on May 23, 1921.

The payment of \$4,000 above referred to was based upon information then deemed to be conclusive. A change in the general treatment of lap-over items, since determined upon, has resulted in the disallowance of certain credits in the accounts of this carrier in determining its net railway operating income for the guaranty period. It has assented to these adjustments. Our certificate issued under paragraph (g) of section 209 will therefore show an overpayment of \$324.19 to be recovered from the carrier.

Certificate No. A-640 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Mount Hope Mineral Railroad Company, a corporation of the State of New Jersey, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920, and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$3,675.81 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as a partial payment to said carrier under section 209 (g), as amended by section 212, an amount of \$4,000, under certificate No. A-474, dated May 23, 1921.

4. The commission hereby certifies that the amount due the United States on account of overpayment to the carrier under section 209 (g), as amended by section 212, of the transportation act, 1920, is \$324.19.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 25th day of May, 1922.

FINANCE DOCKET No. 718.

IN THE MATTER OF SETTLEMENT WITH THE OIL
FIELDS SHORT LINE RAILROAD COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted October 10, 1921. Decided May 25, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Oil Fields Short Line Railroad Company ascertained to be \$11,588.35. Certificate issued.

Thomas D. Utt for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Oil Fields Short Line Railroad Company, hereinafter termed the carrier, is a carrier by steam railroad which has heretofore engaged as a common carrier in general transportation in the State of Oklahoma. Its line of railroad connects with the lines of the St. Louis-San Francisco Railway Company at Clifford, Okla., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 10, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are

71 I. C. C.

no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$11,588.35, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$10,216.35
One-half amount of annual railway operating income, test period	4,523.56
Total amount claimed.....	<u>14,739.91</u>

Adjustments:

One-half amount of annual railway operating income, test period, as claimed.....	\$4,523.56
One-half amount of annual railway operating income, test period, as determined by us.....	9,250.30
Addition for test period.....	4,726.74
Net deficit in railway operating income, guaranty period as claimed.....	\$10,216.35
Net deficit in railway operating income, guaranty period as determined by us.....	8,736.60
Deduction for guaranty period.....	1,479.75
Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$6,799.93
Amount fixed for maintenance of way and structures and maintenance of equipment.....	401.38
Deduction for maintenance.....	6,398.55
Net deductions.....	<u>3,151.56</u>

Amount necessary to make good the guaranty..... 11,588.35

No certificates for advances under paragraph (h), or for partial payments under paragraph (g), of section 209, as amended by section 212, have previously been issued by us in favor of the carrier. The amount due the carrier is therefore \$11,588.35, for which an appropriate certificate will be issued.

Certified to the Interstate Commerce Commission, the Transportation Department, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, certifies that the Oil Fields Short Line Railroad Company, a corporation of the State of Oklahoma, hereinafter called the carrier, is entitled to a refund of \$11,588.35, under section 209 of the transportation act of 1920, for the guaranty settlement.

mission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$11,588.35 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 25th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 2242. .

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE COLUMBUS & GREENVILLE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING ABANDONMENT OF BRANCH LINES.

Submitted May 12, 1922. Decided May 25, 1922.

Certificate issued authorizing the abandonment, as to interstate and foreign commerce, of two branch lines of the Columbus & Greenville Railroad Company in Washington, Leflore, and Tallahatchie Counties, Miss.

L. L. Oliver for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

A. T. Stovall, receiver of the Columbus & Greenville Railroad Company, hereinafter called the Columbus Company, acting as a common carrier by railroad engaged in interstate commerce, and operating a railroad located wholly in the State of Mississippi, on February 21, 1922, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing the abandonment of the Percy and Webb branches of the Columbus Company's railroad. The Mississippi Railroad Commission has recommended to us that the application be granted.

Following the decision of the United States Supreme Court in *Texas v. Eastern Texas R. R. Co. et al.*, March 13, 1922, which defines our jurisdiction in the matter of abandonment of lines located wholly in a State and engaged in both interstate and intrastate commerce, our finding and order in this proceeding will deal only with interstate and foreign commerce on the lines here involved.

The Columbus Company was placed in the hands of a receiver on June 4, 1921, by the United States District Court for the Northern District of Mississippi, Eastern Division. That court, on January 24, 1922, entered an order in the receivership proceeding by which it was adjudged and decreed "that the further operation of the 'Webb' and 'Percy' branches of the defendant is useless and wasteful and should be terminated in order that the chances of successfully operating the same be determined by the operation of the same."

ant may not be jeopardized." This order further recited that "the court is of the opinion that the said branch lines cannot be sold as operating properties, and that as soon as possible their operation should be abandoned and the lines scrapped and sold." Thereupon the court directed the receiver to file this application.

The Percy branch extends from a connection with the main line of the Columbus Company's railroad at Stoneville, in a general southerly direction to Percy, a distance of 23.26 miles, all in Washington County. The Webb branch leaves the main line of said railroad at Itta Bena, Leflore County, and extends in a northerly direction to Webb, Tallahatchie County, a distance of 34.38 miles.

The Percy branch, for its entire length, is paralleled by the main line of the Yazoo & Mississippi Valley Railroad Company, hereinafter called the Yazoo Company, the tracks of the two railroads being within 50 feet of each other at many places. The rights of way of the two companies practically join, except for a short distance, where they are about 1 mile apart. All industries in the territory served by the Percy branch are located on the tracks of the Yazoo Company. It is stated that the service furnished by the Columbus Company is inferior to that offered by the Yazoo Company, and that the latter secures practically the entire traffic. It appears that the Yazoo Company can and does adequately meet the transportation requirements of the community served jointly by it and the Percy branch.

The Webb branch is paralleled by the Yazoo Company's main line from Minter City north to Webb, an approximate distance of 12 miles. It is stated that the same conditions of competition apply on this portion of the branch as in the case of the Percy branch, and that the Yazoo Company adequately performs all required transportation service between Minter City and Webb and serves all industries in this territory. Applicant asserts that the freight traffic between Minter City and Itta Bena is very limited. The only town of consequence between these points is Schlater, with an approximate population of 300. This town is not served by any other railroad and is distant about 9 miles from the nearest station on another line.

For the period from January 1, 1917, to July 19, 1921, operating results of the Percy branch are shown as follows: Railway operating revenues, \$148,329.55; railway operating expenses, \$269,118.11; deficit in net railway operating income, \$189,743.49.

The results of operation of the Webb branch for the five years which ended December 31, 1921, were railway operating revenues, \$242,374.74; railway operating expenses, \$396,222.54; deficit in net railway operating income, \$231,765.22.

In arriving at the operating results of the two branch lines, freight and passenger revenues were figured on a mileage prorate basis. The expenses for maintenance of way and structures and the principal transportation costs represent actual expenditures. The remaining operating expenses are allocated on a mileage prorate basis.

The population tributary to the Percy and Webb branches is estimated by the applicant at 20,000 and 13,000, respectively. The territory served is largely devoted to the raising of agricultural products, cotton being the principal crop. Formerly there was considerable lumbering activity, but applicant states that the timber has been cut and the lumbering industry has practically been abandoned.

The main line of the Columbus Company's railroad extends from the Mississippi-Alabama State line to Greenville, a distance of 177.35 miles. That portion of its line from the Mississippi-Alabama State line to Columbus, a distance of 9.75 miles, is leased to and operated by the Southern Railway Company.

The general balance sheet of the Columbus Company, as of December 31, 1921, showed capital stock, \$50,000; unmatured funded debt, \$200,000; nonnegotiable debt to affiliated companies, all of which is due to the Southern Railway Company, \$824,418.69; investment in road and equipment, \$705,046.67; profit-and-loss debit balance, \$891,006.01. Its net railway operating income for the five years ending December 31, 1921, showed a deficit of \$939,717.62. Operations by the receiver from June 5, 1921, to December 31, 1921, resulted in a deficit in net railway operating income of \$42,890.59. There are no securities resting wholly upon these two branch lines. Applicant states that the continued operation of the two branch lines would lessen the security of the company's outstanding obligations, as the lines can not be operated except at a large loss, which jeopardizes the continuance of operation of the main line.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment as to interstate and foreign commerce of the two branch lines of railroad herein described. A certificate to that effect will be issued accordingly.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

riers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period, and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$3,675.81, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$1, 693. 35
Net railway operating income for the test period.....	9, 559. 19

Total amount claimed.....	7, 865. 84
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Adjustments:

Net railway operating income for the guaranty period as claimed by carrier.....	\$1, 693. 35
Net railway operating income as determined by us....	5, 883. 38
Deduction.....	4, 190. 03

Amount necessary to make good the guaranty.....	3, 675. 81
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A certificate for a partial payment in the amount of \$4,000 under paragraph (g) of section 209, as amended by section 212, was issued by us in favor of the carrier on May 23, 1921.

The payment of \$4,000 above referred to was based upon information then deemed to be conclusive. A change in the general treatment of lap-over items, since determined upon, has resulted in the disallowance of certain credits in the accounts of this carrier in determining its net railway operating income for the guaranty period. It has assented to these adjustments. Our certificate issued under paragraph (g) of section 209 will therefore show an overpayment of \$324.19 to be recovered from the carrier.

Certificate No. A-640 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Mount Hope Mineral Railroad Company, a corporation of the State of New Jersey, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920, and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

71 I. C. C.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$3,675.81 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury, as a partial payment to said carrier under section 209 (g), as amended by section 212, an amount of \$4,000, under certificate No. A-474, dated May 23, 1921.

4. The commission hereby certifies that the amount due the United States on account of overpayment to the carrier under section 209 (g), as amended by section 212, of the transportation act, 1920, is \$324.19.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 25th day of May, 1922.

FINANCE DOCKET No. 718.

IN THE MATTER OF SETTLEMENT WITH THE OIL
FIELDS SHORT LINE RAILROAD COMPANY UNDER
SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted October 10, 1921. Decided May 25, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Oil Fields Short Line Railroad Company ascertained to be \$11,588.35. Certificate issued.

Thomas D. Utt for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Oil Fields Short Line Railroad Company, hereinafter termed the carrier, is a carrier by steam railroad which has heretofore engaged as a common carrier in general transportation in the State of Oklahoma. Its line of railroad connects with the lines of the St. Louis-San Francisco Railway Company at Clifford, Okla., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 10, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are

71 I. C. C.

no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$11,588.35, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$10, 216. 35
One-half amount of annual railway operating income, test period	4, 523. 56
Total amount claimed.....	<u>14, 739. 91</u>

Adjustments:

One-half amount of annual railway operating income, test period, as claimed.....	\$4, 523. 56
One-half amount of annual railway operating income, test period, as determined by us.....	9, 250. 30
Addition for test period.....	4, 726. 74
Net deficit in railway operating income, guaranty period as claimed.....	\$10, 216. 35
Net deficit in railway operating income, guaranty period as determined by us.....	8, 736. 60
Deduction for guaranty period.....	1, 479. 75
Amount claimed for maintenance of way and structures and maintenance of equipment.....	\$6, 799. 93
Amount fixed for maintenance of way and structures and maintenance of equipment.....	401. 38
Deduction for maintenance.....	<u>6, 398. 55</u>
Net deductions.....	<u>3, 151. 56</u>

Amount necessary to make good the guaranty..... 11, 588. 35

No certificates for advances under paragraph (h), or for partial payments under paragraph (g), of section 209, as amended by section 212, have previously been issued by us in favor of the carrier. The amount due the carrier is therefore \$11,588.35, for which an appropriate certificate will be issued.

Certificate No. A-639 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Oil Fields Short Line Railroad Company, a corporation of the State of Oklahoma, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the com-

mission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$11,588.35 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 25th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 2242.

IN THE MATTER OF THE APPLICATION OF THE RECEIVER OF THE COLUMBUS & GREENVILLE RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING ABANDONMENT OF BRANCH LINES.

Submitted May 12, 1922. Decided May 25, 1922.

Certificate issued authorizing the abandonment, as to interstate and foreign commerce, of two branch lines of the Columbus & Greenville Railroad Company in Washington, Leflore, and Tallahatchie Counties, Miss.

L. L. Oliver for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

A. T. Stovall, receiver of the Columbus & Greenville Railroad Company, hereinafter called the Columbus Company, acting as a common carrier by railroad engaged in interstate commerce, and operating a railroad located wholly in the State of Mississippi, on February 21, 1922, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing the abandonment of the Percy and Webb branches of the Columbus Company's railroad. The Mississippi Railroad Commission has recommended to us that the application be granted.

Following the decision of the United States Supreme Court in *Texas v. Eastern Texas R. R. Co. et al.*, March 13, 1922, which defines our jurisdiction in the matter of abandonment of lines located wholly in a State and engaged in both interstate and intrastate commerce, our finding and order in this proceeding will deal only with interstate and foreign commerce on the lines here involved.

The Columbus Company was placed in the hands of a receiver on June 4, 1921, by the United States District Court for the Northern District of Mississippi, Eastern Division. That court, on January 24, 1922, entered an order in the receivership proceeding by which it was adjudged and decreed that the further operation of the 'Webb' and 'Percy' branches of the Columbus Company is a wasteful and should be terminated and that the receiver should successfully operate the main line of the Columbus Company and defend

sion on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$2,995.70 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 26th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 739.

IN THE MATTER OF SETTLEMENT WITH THE PHILADELPHIA & READING RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 10, 1922. Decided May 26, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Philadelphia & Reading Railway Company ascertained to be \$9,506,060.80. An aggregate amount of \$5,500,000 having been certified for payment as advances under paragraph (h), and an aggregate amount of \$2,350,000 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$1,656,060.80. Certificate issued.

Agnew T. Dice for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Philadelphia & Reading Railway Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation in the States of Pennsylvania, New Jersey, and Delaware. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive. It is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 209 of the transportation act, 1920, as amended by section 212, of the act, and the standard contract between the United States and carriers. It has been ascertained that

there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$9,506,060.80, as shown by the following statement:

Basis of claim:

Net railway operating deficit for the guaranty period-----	\$3, 869, 627. 76
One-half amount of annual compensation under Federal control act named in contract-----	7, 896, 990. 57
Increase in compensation under section 4 of the Federal control act-----	209, 182. 57
	<hr/>
Total amount claimed-----	11, 975, 790. 90
	<hr/> <hr/>

Adjustments:

Amount claimed for maintenance of way and structures and for maintenance of equipment -----	\$18, 747, 310. 79
Amount fixed for maintenance of way and structures and for maintenance of equipment -----	16, 618, 938. 50
Deduction for maintenance-----	2, 128, 372. 29
Deductions on account of items estimated by us and agreed to by the carrier under section 212(b) of the transportation act, 1920-----	341, 357. 81
	<hr/>
Net deductions -----	2, 469, 780. 10
	<hr/> <hr/>

Amount necessary to make good the guaranty----- 9, 506, 060. 80

Certificates for advances under paragraph (h) and for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

Advance, Nov. 4, 1920-----	\$2, 000, 000
Advance, Nov. 30, 1920-----	1, 000, 000
Advance, Aug. 23, 1920-----	2, 500, 000
Total advances-----	5, 500, 000
Partial payment, Mar. 11, 1921-----	2, 000, 000
Partial payment, Apr. 29, 1921-----	350, 000
Total partial payments-----	2, 350, 000
Aggregate -----	7, 850, 000

The amount still due the carrier is, therefore, \$1,656,060.80, for which an appropriate certificate will be issued.

Certificate No. A-642 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Philadelphia & Reading Railway Company, a corporation of the State of Pennsylvania, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 16, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$9,506,060.80 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$5,500,000 under three certificates, as follows:

Nov. 4, 1920.....	\$2, 000, 000
Nov. 30, 1920.....	1, 000, 000
Aug. 23, 1920.....	2, 500, 000

and as partial payments under section 209 (g), as amended by section 212, an aggregate amount of \$2,350,000, under two certificates, as follows:

Mar. 11, 1921.....	\$2, 000, 000
Apr. 29, 1921.....	350, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of advances and partial payments heretofore certified, as aforesaid, is \$1,656,060.80.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided by section 209.

Dated this 26th day of May, 1922.

FINANCE DOCKET No. 2371.

IN THE MATTER OF THE JOINT APPLICATION OF
THE PORTLAND TERMINAL COMPANY AND THE
MAINE CENTRAL RAILROAD COMPANY FOR AU-
THORITY FOR THE ISSUE AND GUARANTY OF CER-
TAIN BONDS.

Submitted May 19, 1922. Decided May 26, 1922.

1. Authority granted to the Portland Terminal Company to issue not exceeding \$195,000 of first-mortgage 5 per cent gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness of the carrier to the United States for improvements, extensions, or additions made during Federal control.
2. Authority granted to the Maine Central Railroad Company to assume obligation and liability, as guarantor, in respect of the aforesaid bonds.

Charles H. Blatchford for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Portland Terminal Company and the Maine Central Railroad Company, common carriers by railroad engaged in interstate commerce, have filed a joint application under section 20a of the interstate commerce act in which the terminal company asks authority to issue \$195,000 of first-mortgage 5 per cent gold bonds, and the Maine Central asks authority to assume obligation and liability, as guarantor, in respect thereof. No objection to the granting of the application has been presented to us.

The terminal company states that from January 1, 1919, to December 1, 1921, there was expended upon its properties for improvements, extensions, or additions approximately \$196,378.66, of which approximately \$142,381.30 was spent by the Director General of Railroads during the Federal control period and now stands as a charge against the carrier on the books of the director general. Under article 1 of its first mortgage or deed of trust to the Fidelity Trust Company (of Maine), dated July 1, 1911, the terminal company is entitled to issue \$195,000 of bonds in respect of such expenditures. The proposed bonds will be dated July 1, 1911, will bear interest at the rate of 5 per cent per annum, and will mature July 1, 1961.

In the event that arrangements are made for funding all or any part of its indebtedness to the United States on account of the expenditures during Federal control, the terminal company will pledge with the director general part or all of the proposed bonds as collateral security for the primary obligation involved in such funding.

The Maine Central owns all of the capital stock of the terminal company. It has guaranteed all previous issues of this series of its bonds, and proposes to assume obligation and liability in respect of the payment of the principal and interest of the proposed bonds by indorsing thereon its guaranty substantially in the form set forth in the application. Section 6 of the act amending the charter of the Portland Union Railway Station Company and enlarging its powers under the name of the Portland Terminal Company (Laws of Maine, 1911, Chapter 189) provides that the Boston & Maine Railroad, and the Maine Central Railroad Company, and any other railroad company using the terminal facilities by agreement with the terminal company, are each authorized to guarantee the payment of bonds issued thereunder by the terminal company.

We find that the proposed issue of first-mortgage bonds by the Portland Terminal Company and the proposed assumption of obligation and liability, as guarantor, in respect thereof by the Maine Central Railroad Company, as aforesaid, (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Portland Terminal Company be, and it is hereby, authorized to issue not exceeding \$195,000, principal amount, of its first-mortgage gold bonds, under and pursuant to, and to be secured by, the first mortgage or deed of trust dated July 1, 1911, and supplement thereto dated February 24, 1919, made by it to the Fidelity Trust Company (of Maine), trustee; said bonds to be dated as of July 1, 1911, to bear interest at the rate of 5 per cent per annum,

payable semiannually on January 1 and July 1 in each year, and to mature July 1, 1961; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of said Portland Terminal Company's indebtedness to the United States for improvements, extensions, or additions made to its property during the period of Federal control, as set forth in the application.

It is further ordered, That the Maine Central Railroad Company be, and it is hereby, authorized to assume obligation and liability, as guarantor, in respect of the payment of the principal and interest of the \$195,000, principal amount, of the Portland Terminal Company's first-mortgage gold bonds, hereinbefore authorized to be issued, by indorsing upon each of said bonds its guaranty of the payment of such principal and interest in the form set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicants, or either of them, unless and until so ordered by this commission.

It is further ordered, That the Portland Terminal Company shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to the pledge of said bonds as herein authorized, and the release of said bonds from such pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Maine Central Railroad Company shall, within 10 days thereafter, report to this commission all pertinent facts relating to the assumption by it of obligation and liability in respect of said bonds.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 607.

IN THE MATTER OF SETTLEMENT WITH THE MANCHESTER & ONEIDA RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted December 29, 1921. Decided May 27, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Manchester & Oneida Railway Company ascertained to be \$5,486.80. Certificate issued.

C. J. Seeds for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Manchester & Oneida Railway Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Iowa. Its line of railroad connects with the Chicago, Milwaukee & St. Paul Railway and the Chicago Great Western Railroad at Oneida, Iowa, which latter roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 11, 1920.

The returns of the carrier under our orders of October 18, 1920, and January 5, 1921, together with supplemental data, have been examined, and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operat-

ing income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$5,486.80, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period--	\$372. 02
One-half amount of annual railway operating income for the test period -----	1, 100. 48
	<hr/>
Total amount claimed-----	1, 532. 50
	<hr/> <hr/>

Adjustments:

Net deficit in railway operating income for the guaranty period as claimed-----	\$372. 02
Net deficit in railway operating income for the guaranty period as determined by us-----	4, 700. 04
Addition for guaranty period-----	4, 328. 02
One-half amount of annual railway operating income, test period, as claimed-----	\$1, 160. 48
One-half amount of annual railway operating income, test period, as determined by us-----	1, 052. 87
Deduction for test period-----	107. 61
Amount claimed for maintenance of way and structures and for maintenance of equipment-----	\$7, 040. 35
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	6, 774. 24
Deduction for maintenance-----	266. 11
	<hr/>
Net addition-----	3, 954. 30
	<hr/> <hr/>
Amount necessary to make good the guaranty-----	5, 486. 80

No certificates have been previously issued by us in favor of the carrier under section 209 (h) or under section 209 (g), as amended by section 212. The amount due the carrier, therefore, is \$5,486.80, for which an appropriate certificate will be issued.

Certificate No. A-644 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Manchester & Oneida Railway Company, a corporation of the State of Iowa, hereinafter called the

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carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$5,486.80 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 27th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 908.

IN THE MATTER OF SETTLEMENT WITH THE WOODSTOCK RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 28, 1922. Decided May 27, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Woodstock Railway Company ascertained to be \$7,123.47. Certificate issued.

C. H. Furber for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Woodstock Railway Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Vermont. Its line of railroad connects with the Central Vermont Railway and the Boston & Maine Railroad at White River Junction, Vt., which latter roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there

were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$7,123.47, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period...	\$9,080.46
One-half amount of annual railway operating income, test period...	3,422.63
Decrease in compensation under section 4 of the Federal control act.....	45.00
Total amount claimed.....	12,458.09

Adjustments:

Net deficit in railway operating income for guaranty period, as claimed.....	\$9,080.46
Net deficit in railway operating income for the guaranty period as determined by us.....	3,700.84
Deduction for guaranty period.....	5,379.62
Elimination of deduction under section 4 of the Federal control act.....	45.00
Net deduction	5,334.62

Amount necessary to make good guaranty..... 7,123.47

No certificates have been issued in favor of the carrier under section 209(h) or under section 209(g), as amended by section 212. The amount due the carrier is, therefore, \$7,123.47, for which an appropriate certificate will be issued.

Certificate No. A-645 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Woodstock Railway Company, a corporation of the State of Vermont, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$7,123.47 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 27th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 2053.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE PEORIA & EASTERN RAILWAY COMPANY.

Submitted January 26, 1922. Decided May 27, 1922.

Acquisition of additional capital stock of a carrier controlled by applicant through ownership of a majority of such capital stock held not within the scope of paragraph (2) of section 5 of the interstate commerce act. Application dismissed.

A. H. Harris and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a carrier engaged in the transportation of passengers and property subject to the interstate commerce act, on December 19, 1921, filed its application for authority to purchase all of the outstanding capital stock of the Peoria & Eastern Railway Company not already owned by the applicant and all of its outstanding bonds, in the principal amount of \$4,000,000. By a separate application the applicant seeks authority under section 20a of the act to issue its securities with which to effectuate the transaction.

The applicant states that it now controls the Peoria & Eastern Railway Company through ownership of \$5,000,100, par value, of its capital stock of which there is outstanding \$9,994,200 out of a total authorized capital of \$10,000,000. The remaining \$5,800 of stock is held in the treasury of the carrier but the applicant desires to acquire it. Of the stock above referred to, \$5,000,000 was purchased by the applicant on February 2, 1890.

By paragraph (2), of section 5 of the interstate commerce act, we are authorized to approve the acquisition, to the extent indicated by us, by one carrier engaged in interstate commerce of the control of any other such carrier by the purchase of stock or in any other manner specified. In this case, however, so far as appears, the purchase of the remaining stock of the carrier will not give the applicant any other or further control over such carrier than that which it had

acquired prior to the enactment of the paragraph. It can only be said that the applicant, in this proceeding, is seeking to acquire that which it admittedly has heretofore acquired. We are, therefore, of the opinion that the application is not within the scope of the paragraph above referred to.

An order will be entered dismissing the application.

ORDER.

A hearing and investigation of the matters involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That said application be, and it is hereby, dismissed.

71 I. C. C.

FINANCE DOCKET No. 2375.

IN THE MATTER OF THE APPLICATION OF THE NORFOLK & WESTERN RAILWAY COMPANY FOR AUTHORITY TO ASSUME LIABILITY IN RESPECT OF EQUIPMENT-TRUST CERTIFICATES.

Submitted May 24, 1922. Decided May 27, 1922.

Authority granted to assume obligation and liability, as guarantor and otherwise, in respect of \$6,700,000 of Norfolk & Western Railway equipment-trust certificates, series of 1922, to be issued by the Commercial Trust Company (of Philadelphia, Pa.), under an equipment-trust agreement dated May 1, 1922, and to be sold so as to net not less than 97½ per cent of par, in connection with the procurement of certain equipment.

Theodore W. Reath for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

The Norfolk & Western Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$6,700,000 of Norfolk & Western Railway equipment-trust certificates, series of 1922, by entering into an equipment-trust agreement, under which the certificates will be issued, and a lease of certain equipment to be purchased. No objection to the granting of the application has been presented to us.

Representation is made that additional equipment is needed to meet the applicant's transportation requirements, and it therefore proposes to acquire, at an approximate total cost of \$7,385,690, the following equipment:

	Units.	Cost.
All-steel dining cars, at \$39,670-----	7	\$277, 690
70-ton all-steel hopper coal cars, at \$1,777-----	2, 000	3, 554, 000
70-ton all-steel hopper coal cars, at \$1,773-----	1, 000	1, 773, 000
70-ton all-steel hopper coal cars, at \$1,781-----	1, 000	1, 781, 000
Total-----		7, 385, 690

In pursuance of its plan to acquire such equipment the Virginia Holding Corporation will procure the equipment from the builders
T. I. C. C.

ing income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$5,486.80, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period--	\$372. 02
One-half amount of annual railway operating income for the test period -----	1, 100. 48
	<hr/>
Total amount claimed-----	1, 532. 50
	<hr/> <hr/>

Adjustments:

Net deficit in railway operating income for the guaranty period as claimed-----	\$372. 02
Net deficit in railway operating income for the guaranty period as determined by us-----	4, 700. 04
Addition for guaranty period-----	4, 328. 02
One-half amount of annual railway operating income, test period, as claimed-----	\$1, 160. 48
One-half amount of annual railway operating income, test period, as determined by us-----	1, 052. 87
Deduction for test period-----	107. 61
Amount claimed for maintenance of way and structures and for maintenance of equipment-----	\$7, 040. 35
Amount fixed for maintenance of way and structures and for maintenance of equipment-----	6, 774. 24
Deduction for maintenance-----	266. 11
	<hr/>
Net addition-----	3, 954. 30
	<hr/> <hr/>
Amount necessary to make good the guaranty-----	5, 486. 80

No certificates have been previously issued by us in favor of the carrier under section 209 (h) or under section 209 (g), as amended by section 212. The amount due the carrier, therefore, is \$5,486.80, for which an appropriate certificate will be issued.

Certificate No. A-644 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Manchester & Oneida Railway Company, a corporation of the State of Iowa, hereinafter called the

71 I. C. C.

carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$5,486.80 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 27th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 908.

IN THE MATTER OF SETTLEMENT WITH THE WOODSTOCK RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 28, 1922. Decided May 27, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Woodstock Railway Company ascertained to be \$7,123.47. Certificate issued.

C. H. Furber for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Woodstock Railway Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Vermont. Its line of railroad connects with the Central Vermont Railway and the Boston & Maine Railroad at White River Junction, Vt., which latter roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there

were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$7,123.47, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period...	\$9,080.46
One-half amount of annual railway operating income, test period...	3,422.63
Decrease in compensation under section 4 of the Federal control act.....	45.00
Total amount claimed.....	<u>12,458.09</u>

Adjustments:

Net deficit in railway operating income for guaranty period, as claimed.....	\$9,080.46
Net deficit in railway operating income for the guaranty period as determined by us.....	3,700.84
Deduction for guaranty period.....	5,379.62
Elimination of deduction under section 4 of the Federal control act.....	45.00
Net deduction	<u>5,334.62</u>

Amount necessary to make good guaranty..... 7,123.47

No certificates have been issued in favor of the carrier under section 209(h) or under section 209(g), as amended by section 212. The amount due the carrier is, therefore, \$7,123.47, for which an appropriate certificate will be issued.

Certificate No. A-645 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Woodstock Railway Company, a corporation of the State of Vermont, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

FINANCE DOCKET No. 908.

IN THE MATTER OF SETTLEMENT WITH THE WOODSTOCK RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 28, 1922. Decided May 27, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Woodstock Railway Company ascertained to be \$7,123.47. Certificate issued.

C. H. Furber for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Woodstock Railway Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Vermont. Its line of railroad connects with the Central Vermont Railway and the Boston & Maine Railroad at White River Junction, Vt., which latter roads were under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there

were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$7,123.47, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period...	\$9,080.46
One-half amount of annual railway operating income, test period...	3,422.63
Decrease in compensation under section 4 of the Federal control act.....	45.00
Total amount claimed.....	12,458.09

Adjustments:

Net deficit in railway operating income for guaranty period, as claimed.....	\$9,080.46
Net deficit in railway operating income for the guaranty period as determined by us.....	3,700.84
Deduction for guaranty period.....	5,379.62
Elimination of deduction under section 4 of the Federal control act.....	45.00
Net deduction	5,334.62

Amount necessary to make good guaranty..... 7,123.47

No certificates have been issued in favor of the carrier under section 209(h) or under section 209(g), as amended by section 212. The amount due the carrier is, therefore, \$7,123.47, for which an appropriate certificate will be issued.

Certificate No. A-645 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Woodstock Railway Company, a corporation of the State of Vermont, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

71 I. C. C.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$7,123.47 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 27th day of May, 1922.

71 I. C. C.

FINANCE DOCKET No. 2053.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR AUTHORITY TO ACQUIRE CONTROL OF THE PEORIA & EASTERN RAILWAY COMPANY.

Submitted January 26, 1922. Decided May 27, 1922.

Acquisition of additional capital stock of a carrier controlled by applicant through ownership of a majority of such capital stock held not within the scope of paragraph (2) of section 5 of the interstate commerce act. Application dismissed.

A. H. Harris and John K. Graves for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a carrier engaged in the transportation of passengers and property subject to the interstate commerce act, on December 19, 1921, filed its application for authority to purchase all of the outstanding capital stock of the Peoria & Eastern Railway Company not already owned by the applicant and all of its outstanding bonds, in the principal amount of \$4,000,000. By a separate application the applicant seeks authority under section 20a of the act to issue its securities with which to effectuate the transaction.

The applicant states that it now controls the Peoria & Eastern Railway Company through ownership of \$5,000,100, par value, of its capital stock of which there is outstanding \$9,994,200 out of a total authorized capital of \$10,000,000. The remaining \$5,800 of stock is held in the treasury of the carrier but the applicant desires to acquire it. Of the stock above referred to, \$5,000,000 was purchased by the applicant on February 2, 1890.

By paragraph (2), of section 5 of the interstate commerce act, we are authorized to approve the acquisition, to the extent indicated by us, by one carrier engaged in interstate commerce of the control of any other such carrier by the purchase of stock or in any other manner specified. In this case, however, so far as appears, the purchase of the remaining stock of the carrier will not give the applicant any other or further control over such carrier than that which it had

FINANCE DOCKET No. 967.

IN THE MATTER OF THE APPLICATION OF THE HOCKING VALLEY RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING ADDITIONS AND BETTERMENTS.

Approved May 31, 1922.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

Amendment to Certificate No. 68¹ for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission hereby further amends its certificate No. 68 of January 31, 1921, to the Secretary of the Treasury, approving the making of a loan of \$1,665,000 by the United States to the Hocking Valley Railway Company by changing subparagraph 5(a) thereof to read as follows:

(a) The loan shall be secured by the pledge of \$2,220,000, principal amount, of applicant's general-mortgage 30-year series-A 6 per cent gold bonds, due 1949, issued under an indenture of mortgage dated January 1, 1919, executed by the applicant to the Equitable Trust Company of New York, as trustee. Said bonds are in temporary form, without coupons, and are exchangeable for definitive coupon bonds of the same series, aggregate principal amount, substantially identical in tenor and of authorized denominations when prepared. Said temporary bonds are in principal amounts and are numbered as hereinbelow set forth:

Bond No. 3-----	\$183,000
Bond No. 4-----	1,221,000
Bond No. 5-----	33,000
Bond No. 6-----	375,000
Bond No. 7-----	25,000
Bond No. 8-----	383,000
Total -----	2,220,000

Done at Washington, D. C., this 31st day of May, 1922.

¹ See 65 I. C. C., 812.

FINANCE DOCKET No. 1469.

IN THE MATTER OF THE APPLICATION OF THE GULF
PORTS TERMINAL RAILWAY COMPANY FOR A CER-
TIFICATE OF PUBLIC CONVENIENCE AND NECES-
SITY.

Submitted April 3, 1922. Decided June 2, 1922.

On further hearing, construction of an extension of applicant's line of railroad in Baldwin and Mobile Counties, Ala., held not to be within the provisions of paragraph (18) of section 1 of the interstate commerce act. Application dismissed. Previous report, 70 I. C. C., 358.

T. M. Stevens for applicant.

I. F. McDonald for Public Service Commission of Alabama.

REPORT OF THE COMMISSION ON FURTHER HEARING.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

Our original report herein was issued August 18, 1921, 70 I. C. C., 358. The record as then made did not, in our opinion, contain an assurance of a reasonably successful enterprise which would warrant the issue of a certificate of public convenience and necessity, and the application was denied.

On December 17, 1921, the Alabama Public Service Commission, at the request of the interested parties, asked that a further hearing be granted. Thereupon the case was reopened and a further hearing was held at Mobile, Ala., on February 8, 1922. The Alabama Public Service Commission has recommended that the application be granted.

It appears that the construction of the proposed extension was begun several years ago, and that by 1914, the clearing, grubbing, and grading on the 18 miles from the track end to the east side of Mobile Bay had been done and the piles for trestles had been driven and capped at a total cost of \$75,000. Following 1914, various delays were encountered which prevented the completion of the project, but there is nothing to indicate that the construction of the extension was ever definitely abandoned.

Upon the facts presented we are of the opinion that no certificate of public convenience and necessity is required.

An order will be entered dismissing the application.

71 I. C. C.

semiannual dividends thereon at the rate of 5 per cent per annum; said certificates to be dated May 1, 1922, to be in the denomination of \$1,000, and \$670,000 principal amount, thereof to mature annually on May 1 in each year from 1923 to 1932, both inclusive; said certificates to be sold at such price as to net not less than 97 $\frac{3}{4}$ per cent of par and dividends to the date of sale, and the entire proceeds used in the acquisition of said equipment.

It is further ordered, That, except as herein authorized, said certificates shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission certified copies of said equipment-trust agreement and lease of the trust equipment in the form in which they were respectively executed.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the sale of said trust certificates; for the period ending June 30, 1922, and for each six months' period thereafter, until all of said proceeds have been used, within 30 days after the close of each such period, the application of the proceeds of the said certificates; and for the period ending June 30, 1923, and for each 12 months' period thereafter, to and including June 30, 1932, within 30 days after the close of each such period, the payment and cancellation of any of said certificates; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States, as to said trust certificates, or dividends thereon.

FINANCE DOCKET No. 2386.

IN THE MATTER OF THE APPLICATION OF THE FEDERAL VALLEY RAILROAD COMPANY FOR AUTHORITY TO ISSUE PROMISSORY NOTES.

Submitted May 15, 1922. Decided May 27, 1922.

Authority granted to issue \$24,940 of promissory notes, said notes to be exchanged at par for a like amount of promissory notes maturing June 22, 1922.

T. P. Linn for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Federal Valley Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$24,940 of promissory notes in renewal of a like amount of promissory notes maturing June 22, 1922. No objection to the granting of the authority requested has been presented to us.

On January 3, 1921, we authorized the applicant to issue \$24,940 of promissory notes to the order of the Lima Locomotive Works, for the purpose of paying for a locomotive, *Notes of Federal Valley R. R.*, 65 I. C. C., 623. These notes were to be dated December 20, 1920, were to bear interest at the rate of 7 per cent per annum, and were to be payable not later than 18 months after date. The notes were actually dated December 22, 1920, and were made payable June 22, 1922. The applicant's finances are in such condition that it will be unable to meet the notes at maturity, and it has made arrangements with the present holders of the notes whereby the latter are to accept new notes at par in exchange for the maturing notes. The notes which it is proposed to issue will bear interest at the rate of 7 per cent per annum, payable semiannually, and will mature not later than December 22, 1923.

The obligations to be created by the issue of these notes, together with all other outstanding notes of the applicant of a maturity of two years or less, will aggregate more than 5 per cent of the value of the securities of the applicant outstanding at the time the application was made.

We find that the proposed issue of promissory notes by the applicant, as hereinbefore described, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Federal Valley Railroad Company be, and it is hereby, authorized to issue three promissory notes in an aggregate amount not exceeding \$24,940, each of said notes to be dated June 22, 1922, to bear interest at the rate of 7 per cent per annum, payable semiannually, and the principal thereof to be payable not later than 18 months after date; the first of said notes to be in the sum of \$12,719.40 and the second and third notes each to be in the sum of \$6,110.30; said notes, or the proceeds thereof, to be used solely for the purpose of retiring a like face amount of promissory notes of said company maturing June 22, 1922.

It is further ordered, That, except as herein authorized, said promissory notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts with regard to the issue of any note or notes in pursuance of the authority herein contained, and to the payment or satisfaction of any such note or notes; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 543.

IN THE MATTER OF SETTLEMENT WITH THE JEFFERSON & NORTHWESTERN RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 20, 1922. Decided May 31, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Jefferson & Northwestern Railway Company ascertained to be \$48,362.49. An aggregate amount of \$30,000 having been certified for payment as advances under paragraph (h), the amount to be certified in final settlement with said company is \$18,362.49. Certificate issued.

F. I. Clark for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Jefferson & Northwestern Railway Company, hereinafter termed the carrier, is a carrier by railroad which during the guaranty period, and previously, engaged as a common carrier in general transportation in the State of Texas. Its line of railroad connects with the Texas & Pacific Railway at Jefferson, Tex., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. Proper adjustments have been made for the differences in mileage under operation between the average for the test period and that of the guaranty period. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been

ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that proper eliminations have been made due to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$48,362.49, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$57,510.53
One-half of average annual operating income for the test period	12,691.40
Total amount claimed	<u>70,201.93</u>

Adjustments:

Amount claimed as net deficit in railway operating income for the guaranty period	\$57,510.53
As adjusted by reason of accounting exceptions	52,676.84
Deduction for guaranty period	4,833.69
Amount claimed as one-half average operating income of test period	\$12,691.40
Amount determined as one-half of average annual deficit in railway operating income for the test period	3,814.35
Deduction for test period	16,505.75
Deduction on account of disproportionate or unreasonable charges	500.00
Total deductions	<u>21,839.44</u>

Amount necessary to make good the guaranty 48,362.49

Certificates for advances under paragraph (h) have been issued by us in favor of the carrier on the dates and in the amounts as follows:

July 30, 1920	\$15,000
Nov. 4, 1920	15,000

The amount still due the carrier is, therefore, \$18,362.49, for which an appropriate certificate will be issued.

Certificate No. A-646 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Jefferson & Northwestern Railway Company, a corporation of the State of Texas, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of

the transportation act, 1920, and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$48,362.49 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as advances under paragraph (h) of said section an aggregate amount of \$30,000 under two certificates, as follows:

July 30, 1920, certificate No. 122-----	\$15, 000
Nov. 4, 1920, certificate No. 281-----	15, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of advances heretofore certified as aforesaid, is \$18,362.49.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by said section 209.

Dated this 31st day of May, 1922.

(g) The applicant has agreed in an instrument in writing, dated the 13th day of June, 1922, filed with the Interstate Commerce Commission, to the following conditions: (1) The expenditures made from the loan for additions and betterments shall be confined to such expenditures as may be chargeable to accounts for investment in road and equipment provided in the commission's accounting classification for steam roads in effect at the time the expenditures may be made, and (2) the applicant shall furnish the commission on or about January 1 and July 1, 1923, and January 1, 1924, the detailed certificate under oath of its chief engineer, showing the character and costs of the additions and betterments made with or in connection with the loan for said purposes. The entire loan for additions and betterments shall have been expended or definitely obligated for said purposes, or shall be repaid to the United States, on or before January 1, 1924. In event the commission shall certify to the Secretary of the Treasury that the applicant has failed or refused well and truly to comply with any one or more of the terms and conditions contained in said agreement, the whole or any part of the obligations evidencing the loan, as the commission may designate, shall, at the option of the holder, become due and payable.

6. That the prospective earning power of the applicant, together with the character and value of the security offered, furnishes, in the opinion of the commission, reasonable assurance of the applicant's ability to repay the loan within the time fixed therefor, and reasonable protection to the United States, and

7. That the applicant, in the opinion of the commission, is unable to provide itself with the funds necessary for the aforesaid purposes from other sources.

Done at Washington, D. C., this 5th day of July, 1922.

71 I. C. C.

FINANCE DOCKET No. 2309.

IN THE MATTER OF THE APPLICATION OF THE MINNEAPOLIS & ST. LOUIS RAILROAD COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted May 29, 1922. Decided June 2, 1922.

Authority granted to issue \$89,000 of refunding and extension mortgage 5 per cent bonds; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any note or notes which may be issued under paragraph (9) of section 20a of the interstate commerce act. Terms and conditions prescribed.

M. L. Bell and George F. Snyder for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Minneapolis & St. Louis Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied, under section 20a of the interstate commerce act, for authority to issue not exceeding \$89,000 of refunding and extension mortgage 5 per cent bonds; and, from time to time, to pledge and repledge all or any part of them as collateral security for any note or notes which it may issue, within the limitations of paragraph (9) of section 20a of that act, without our authorization. No objection to the granting of the application has been presented to us.

The refunding and extension mortgage, dated January 1, 1912, made by the applicant to the Guaranty Trust Company of New York, reserves \$11,073,000 of bonds for construction or acquisition of roadway, structures, machinery, and other additions and betterments, provided that the face amount of bonds so authenticated and delivered in any fiscal year shall not exceed 1 per cent of the face amount of bonds authenticated and delivered up to the beginning of such fiscal year. The mortgage provides further that any bonds deliverable under this provision which shall not be authenticated and delivered in any fiscal year may be authenticated and delivered at any time thereafter, in addition to the bonds deliverable for any subsequent year.

The applicant shows that during the calendar year 1920 it expended \$89,000 for additions and betterments to roadway, struc-

tures, and machinery, which expenditures have not heretofore been capitalized, and that up to the beginning of the current fiscal year there had been authenticated and delivered \$8,896,000 of refunding and extension mortgage bonds. It further shows that while \$913,420 of bonds have been issuable to date for the purpose of reimbursing its treasury for expenditures for such additions and betterments, there have actually been issued but \$823,000 of bonds, leaving a balance now issuable of \$90,420.

The proposed bonds are in the denomination of \$1,000, will bear interest at the rate of 5 per cent per annum, and will mature February 1, 1962.

We find that the issue of \$89,000 of its refunding and extension mortgage 5 per cent bonds by the applicant (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in reimbursement of its treasury for expenditures for additions and betterments, the Minneapolis & St. Louis Railroad Company be, and it is hereby, authorized to issue not exceeding \$89,000, principal amount, of its refunding and extension mortgage bonds, under and pursuant to, and to be secured by, its refunding and extension mortgage, dated January 1, 1912, to the Guaranty Trust Company, trustee; said bonds to bear interest at the rate of 5 per cent per annum, payable quarterly on February 1, May 1, August 1, and November 1 in each year, and to mature February 1, 1962; all or any part of said bonds to be pledged and repledged, from time to time, until otherwise ordered by this commission, as collateral security for any note or notes that may be issued by the applicant, within the limitations prescribed by paragraph (9) of section 20a of the interstate commerce act, without authorization; said pledge or pledges to be in the ratio of not exceeding \$125 of bonds in value at their prevailing market price at the time of pledge for each \$100, face amount, of notes.

It is further ordered, That except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, respectively, report to this commission all pertinent facts relating to (1) the pledge of the said bonds; and (2) the release of the said bonds from pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein contained shall be construed to imply any guaranty or obligation as to said bonds, or the interest thereon, on the part of the United States.

FINANCE DOCKET No. 2345.

IN THE MATTER OF THE APPLICATION OF THE MOBILE & OHIO RAILROAD COMPANY FOR AUTHORITY TO ISSUE EQUIPMENT NOTES.

Submitted May 24, 1922. Decided June 2, 1922.

Authority granted to issue \$366,000 of equipment notes in connection with the procurement of certain locomotives.

L. E. Jeffries for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Mobile & Ohio Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$366,000 of equipment notes. No objection to the granting of the application has been presented to us.

To meet its transportation requirements, the applicant proposes to purchase 10 mikado locomotives, of the 282-S-292 class, from the American Locomotive Company, at a total cost of \$366,724.10, of which \$724.10 is to be paid in cash and the remainder covered by the proposed notes.

These notes will be issued pursuant to an agreement of conditional sale between the vendor and the applicant to be dated May 15, 1922. Title to the locomotives will remain in the vendor, or its assignee, until all of the obligations of the applicant in respect of the proposed equipment notes and under the agreement of conditional sale have been complied with and performed. Upon such compliance and performance, the title will pass to and vest in the applicant.

The agreement will also provide that should the vendor sell any or all of the notes, it will hold title to the locomotives in trust for the benefit of the holders of the notes and, as trustee, exercise all the rights and remedies accruing thereunder. If all of the notes are transferred to one holder, the vendor may assign all its rights and interests under the agreement to such holder.

The notes will be dated July 1, 1922, and bear interest at the rate of 6 per cent per annum, payable semiannually. They will mature annually in aggregate amounts of \$36,600 on July 1 of each year from 1923 to 1932, inclusive.

T I C C

We find the proposed issue by the applicant of not exceeding \$366,000 of equipment notes (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purpose of acquiring possession of, right to use, and ultimately title to, the locomotives described in the aforesaid report, the Mobile & Ohio Railroad Company be, and it is hereby, authorized to issue not exceeding \$366,000, face amount, of equipment notes, under and pursuant to a proposed agreement of conditional sale between the applicant and the American Locomotive Company, dated May 15, 1922; said equipment notes to be dated July 1, 1922, and to bear interest at the rate of 6 per cent per annum, payable semiannually; 360 of said notes to be in the denomination of \$1,000 each, and 10 of said notes to be in the denomination of \$600 each; \$36,600, aggregate face amount, of said notes to mature annually on July 1 in each year from 1923 to 1932, inclusive; said equipment notes to be used solely in procuring locomotives as set forth in the application and the aforesaid report.

It is further ordered, That, except as herein authorized, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days after the execution and delivery thereof, file with this commission a certified copy of the agreement of conditional sale in the form in which it was executed.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the issue of said equipment notes; and within 30 days after July 1 in each year from 1923 to 1932, inclusive, shall similarly report the payment or other satisfaction of any of said notes; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said notes, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2390.

IN THE MATTER OF THE APPLICATION OF THE LAKE
ERIE, FRANKLIN & CLARION RAILROAD COMPANY
FOR AUTHORITY TO ISSUE NOTES.

Submitted May 27, 1922. Decided June 2, 1922.

Authority granted to issue \$33,000 of 6 per cent promissory notes to the Baldwin Locomotive Works in connection with the lease of a locomotive.

J. S. Carmichael for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Lake Erie, Franklin & Clarion Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$33,000 of 6 per cent promissory notes and for approval of the execution by it of an agreement for the lease of a locomotive, which provides for the issue of the notes. No objection to the granting of the authority requested has been presented to us.

The applicant states that it is greatly in need of a passenger locomotive for the accommodation of the traveling public. Arrangements have been made with the Baldwin Locomotive Works to procure such a locomotive under an agreement of lease to be executed with date of March 1, 1922. By the terms of this agreement, a copy of which is on file with the application, the applicant will pay as rental the sum of \$33,750 as follows: An initial payment of \$750 in cash on March 1, 1922, 12 monthly installments of \$500 each, commencing April 1, 1922, and ending March 1, 1923, and 27 monthly installments of \$1,000 each, commencing April 1, 1923, and ending June 1, 1925. The deferred installments are to be evidenced by promissory notes bearing interest at the rate of 6 per cent per annum until paid. The applicant will have possession and use of the equipment, but the title will remain in the lessor for the benefit of the holders of the notes until all rental payments have been made, when it will be conveyed to the applicant upon the payment of \$1 additional.

The date of payment of the first three installments of rental will have passed prior to the effective date of our order. Therefore authority will be given the applicant to issue notes evidencing these installments payable on demand.

We find that the proposed issue of promissory notes by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, in connection with the lease of a locomotive, as set forth in the application, the Lake Erie, Franklin & Clarion Railroad Company be, and it is hereby, authorized to issue to the Baldwin Locomotive Works its promissory notes in an aggregate face amount not exceeding \$33,000, consisting of 12 notes of the face amount of \$500 each, and 27 notes of the face amount of \$1,000 each; the first 3 of said \$500 notes to be payable on demand and the remaining 36 notes to be payable serially at intervals of one month from July 1, 1922, to June 1, 1925, inclusive, as set forth in said report, and all of said notes to bear interest at the rate of 6 per cent per annum; said notes to be issued under and pursuant to a proposed agreement of lease to be dated March 1, 1922, between the applicant and the Baldwin Locomotive Works.

It is further ordered, That, except as herein authorized, said notes shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission a certified copy of the agreement of lease in the form in which it was executed.

It is further ordered, That the applicant shall report to this commission, within 10 days thereafter, all pertinent facts relating to the issue of said notes; and for the period ending December 31, 1922, and each six months thereafter, within 30 days after the

close of each such period, the payment and cancellation of any such notes; such reports to be rendered until all of said notes shall have been paid and canceled, and each report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation on the part of the United States as to said notes, or interest thereon.

71 I. C. C.

FINANCE DOCKET No. 2377.

IN THE MATTER OF THE APPLICATION OF THE ILLINOIS CENTRAL RAILROAD COMPANY FOR AUTHORITY TO ISSUE PREFERRED STOCK.

Submitted June 2, 1922. Decided June 3, 1922.

Authority granted to issue not exceeding \$10,929,600 of common stock, consisting of 109,296 shares of the par value of \$100, in conversion of preferred stock. Previous report, 71 I. C. C., 707.

W. S. Horton for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

By DIVISION 4:

The Illinois Central Railroad Company, a common carrier by railroad engaged in interstate commerce, has, by a supplemental application duly filed, requested authority under section 20a of the interstate commerce act to issue \$10,929,600 of its common stock in conversion of a like amount of preferred stock, the issue of which was authorized by our order of May 23, 1922, 71 I. C. C., 707. No objection to the granting of the authority requested has been presented to us.

The preferred stock which is issuable under the authority contained in our order of May 23, 1922, will contain a provision entitling the holder thereof to convert the same at his option into common stock after September 1, 1922, on the basis of share for share of equal par value.

We find that the proposed issue of common stock by the applicant, as aforesaid, (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

SUPPLEMENTAL ORDER.

Further investigation of the matters and things involved in this proceeding having been had, and good cause for the issue of a sup-
71 I. C. C.

plemental order having been shown, and said division having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Illinois Central Railroad Company be, and it is hereby, authorized to issue, from time to time, after September 1, 1922, not exceeding \$10,929,600 of common stock, consisting of 109,296 shares of the par value of \$100, in conversion of a like amount of preferred stock, the issue of which is authorized by the order of this commission dated May 23, 1922, on the basis of share for share of equal par value.

It is further ordered, That, except as herein authorized, said common stock shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue of said common stock in exchange for preferred stock, such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common stock, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2385.

IN THE MATTER OF THE APPLICATION OF THE LONG ISLAND RAILROAD COMPANY FOR AUTHORITY TO ASSUME LIABILITY FOR EQUIPMENT-TRUST CERTIFICATES.

Submitted May 13, 1922. Decided June 3, 1922.

Authority granted to assume obligation and liability, as guarantor and otherwise, in respect of \$980,000 of equipment-trust certificates to be issued by the Fidelity Trust Company (of Philadelphia, Pa.) and William P. Gest, under an equipment-trust agreement dated June 1, 1922, and sold or disposed of at par, in connection with the procurement of 50 passenger cars.

Joseph F. Keany for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The Long Island Railroad Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to assume obligation and liability in respect of \$980,000 of equipment-trust certificates, by entering into an equipment-trust agreement, under which the certificates will be issued, and into a lease of certain equipment acquired or to be acquired. No objection to the granting of the application has been presented to us.

The applicant represents that it is in urgent and immediate need of additional passenger cars to handle adequately its passenger traffic. It proposes to procure for such purpose 40 MP-54-C steel motor passenger cars and 10 P-54-D steel passenger cars, at a total approximate cost of \$1,226,175.

It is proposed that Harry J. Moore and Josiah B. Bartow, termed the vendors, the Fidelity Trust Company (of Philadelphia, Pa.) and William P. Gest, termed the trustees, and the applicant shall enter into an agreement, under date of June 1, 1922, creating the Long Island equipment trust, series D, under which the vendors, upon acquiring title to and possession of the equipment from the manufacturers, will convey and deliver the same to the trustees, or their agents, in trust for the equal benefit of the holders of \$980,000 of certificates to be issued thereunder, and the applicant will guarantee prompt payment of the principal of the certificates and of the divi-

dends thereon and will indorse its unconditional guaranty to that effect upon each certificate.

Simultaneously with the execution of this agreement the trustees and the applicant will enter into an agreement of lease, also to be dated June 1, 1922, under which the applicant will have the use and possession of the equipment and will agree, among other things, to pay to the trustees rent therefor which will be sufficient to pay and discharge the principal of the trust certificates and the dividends thereon, as and when the same shall become due and payable, and certain taxes and other charges. As not over 80 per cent of the total estimated cost of the equipment is to be covered by the certificates, the applicant will pay to the trustees, concurrently with the execution and delivery of the lease, on account of rent therefor, an amount equal to the difference between the amount of the certificates and the cost to the vendors of such equipment, approximately \$246,175. In conformity with the terms of the lease, title to the equipment will remain in the trustees until all rent has been paid, whereupon such title will be conveyed to the applicant.

Each certificate will entitle the bearer, or registered owner thereof, to an interest in the trust to the amount of \$1,000, and attached thereto will be dividend warrants evidencing the right of the holder thereof to dividends on the principal at the rate of 6 per cent per annum from June 1, 1922, payable semiannually to and including the designated date of maturity. Certificates aggregating \$98,000 will mature on the 1st day of June of each year from 1923 to 1932, inclusive. The certificates are to be taken at par by the American Car & Foundry Company, from which the vendors are to procure the equipment, in part payment therefor.

We find that the proposed assumption by the applicant of obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and con-

clusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Long Island Railroad Company be, and it is hereby, authorized to assume obligation and liability in respect of not exceeding \$980,000, principal amount, of certificates of the Long Island equipment trust, series D, for the purpose of acquiring possession and use of, and ultimately title to, certain equipment described in the application, each certificate entitling the bearer or registered owner thereof to an interest in said trust and to semi-annual dividends on said certificates at the rate of 6 per cent per annum, (1) by entering into an agreement with Harry J. Moore and Josiah B. Bartow, as vendors, and the Fidelity Trust Company (of Philadelphia, Pa.) and William P. Gest, as trustees, which will create said trust and provide for the issue of said certificates, with attached dividend warrants, by said trustees, thereby guaranteeing payment of the principal of said certificates and of the dividends thereon, when and as the same shall become due and payable; (2) by indorsing upon each of said certificates its guaranty of such payment of the principal thereof and of the dividends thereon; and (3) by entering into a lease of said equipment with said trustees, thereby agreeing to pay rent therefor sufficient to pay the principal of said certificates, the dividends thereon, and certain other charges; said agreement and lease to be substantially in the respective forms submitted with the application, and said certificates, warrants, and indorsements of guaranty to be substantially in the respective forms set forth in said agreement; said certificates, agreement, and lease to be dated June 1, 1922; and said certificates to be in denominations, to mature at such date, and the dividends thereon to become due and payable, as specified in said agreement and stated in said report: *Provided, however*, (a) That said certificates shall be sold, or otherwise disposed of, at not less than par; and (b) that none of said certificates shall be sold, pledged, repledged, or otherwise disposed of, nor shall any of their proceeds or any cash deposited with said trustees under the terms of said agreement and lease be used, except as herein authorized.

It is further ordered, That, within 10 days after the execution thereof, the applicant shall file with this commission, certified copies of the said equipment-trust agreement and of the lease of the trust equipment in the forms in which they were respectively executed.

It is further ordered, That the applicant shall report to this commission as follows: (a) Within 10 days thereafter, all pertinent facts relating to the delivery of said equipment, the issue of said certificates, the sale or other disposition thereof, and the application of the proceeds of any such sale; and (b) within 30 days after December 1,

1922, and within a like time after the close of each six months' period thereafter, until all of such certificates shall have been paid and canceled, all pertinent facts relating to payment of the rentals and deposits, the amounts expended from such rentals and deposits, and the purpose of each such expenditure; each of said reports to be signed and verified by an executive officer of the applicant, having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said trust certificates, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 636.

IN THE MATTER OF SETTLEMENT WITH THE MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 14, 1922. Decided June 6, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Minneapolis, St. Paul & Sault Ste. Marie Railway Company ascertained to be \$5,127,467.82. A total amount of \$3,135,000 having been certified for payment as advances under paragraph (h), and an amount of \$1,400,000 having been certified as partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$592,467.82. Certificate issued.

C. W. Gardner for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Minneapolis, St. Paul & Sault Ste. Marie Railway Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment for the guaranty period we applied, so far as practicable, the provisions of the act.

section 5 of the standard contract between the United States and carriers under Federal control. Proper deductions have been made for so-called war taxes in arriving at the net railway operating income or deficit for the guaranty period and there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$5,127,467.82, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period.....	\$1, 327, 426. 90
One-half amount of annual compensation under Federal control act named in contract.....	5, 289, 488. 52
Increase in compensation under section 4 of the Federal control act.....	16, 583. 42
Total amount claimed.....	<u>6, 633, 498. 84</u>

Adjustments:

Amount claimed under section 4 of the Federal control act.....	\$16, 583. 42	
Allowance under section 4 of the Federal control act.....	16, 730. 90	
Addition under section 4.....		147. 48
Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$9, 632, 640. 03	
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	8, 940, 470. 88	
Deduction for maintenance.....		692, 169. 15
Deduction on account of war taxes.....		152, 872. 85
Net effect of unaudited items estimated and claimed by the carrier under section 212 (b) of the transportation act, 1920.....	\$1, 012, 208. 19	
As estimated by commission and agreed to by carrier.....	351, 071. 69	
Deduction for unaudited items.....		661, 136. 50
Net deductions.....		<u>1, 506, 081. 02</u>

Amount necessary to make good the guaranty..... 5, 127, 467. 82

Certificates for advances under paragraph (h) and for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

Advance, July 15, 1920.....	\$1, 000, 000
Advance, Aug. 26, 1920.....	2, 135, 000
Partial payment, April 7, 1921.....	1, 400, 000
Total.....	4, 535, 000

The amount still due the carrier is, therefore, \$592,467.82, for which an appropriate certificate will be issued.

Certificate No. A-848 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, a corporation of the State of Minnesota, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$5,127,467.82 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$3,135,000 under two certificates, as follows: July 15, 1920, \$1,000,000, and August 26, 1920, \$2,135,000, and as a partial payment under section 209(g), as amended by section 212, an amount of \$1,400,000 under one certificate, dated April 7, 1921.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the amount of advances heretofore certified under section 209(h), and amount of partial payment heretofore certified under section 209(g), as amended by section 212, is \$592,467.82.

5. The commission has made final determination as aforesaid of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 6th day of June, 1922.

711 C C

FINANCE DOCKET No. 1159.

IN THE MATTER OF THE APPLICATION OF THE
ATLANTA & ST. ANDREWS BAY RAILWAY COMPANY
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY.

Submitted April 27, 1922. Decided June 6, 1922.

Upon further hearing and consideration of results of suspension of operation for an experimental period, certificate issued authorizing the abandonment of operation of a branch line of railroad between Panama City and St. Andrews, Fla. Previous report, 70 I. C. C., 313.

John H. Carter, J. R. Wells, and Wilbur LaRoe, jr., for applicant. Francis B. Carter, Brown & Boyle, and J. M. Sapp for protestants. J. H. Drummond in his own behalf.

R. Hudson Burr, A. D. Campbell, and James E. Calkins for the Railroad Commission of Florida.

SUPPLEMENTAL REPORT OF THE COMMISSION.

BY THE COMMISSION:

The Atlanta & St. Andrews Bay Railway Company, a carrier by railroad subject to the interstate commerce act, on December 22, 1920, filed its application for a certificate that the present and future public convenience and necessity permit the abandonment of operation of a branch line of railroad extending from a point on its main line just north of its station at Panama City, Fla., to the station of St. Andrews, Fla., a distance of 1.89 miles. On August 6, 1921, we issued a report in the matter, 70 I. C. C., 313, which report was not accompanied by a certificate or order, but in it we expressed the opinion that the effect of the proposed abandonment, both upon the applicant's business and upon the public convenience, could best be determined by discontinuance of operation over the branch line in question for an experimental period of 90 days, and stated that should the applicant elect to apply this test, opportunity would be given at the close of the 90-day period for all parties to present evidence to determine whether or not the discontinuance should be made permanent. Pursuant to that suggestion, the applicant on August 22, 1921, suspended service on the branch. On November 26, 1921, a further hearing was held for the purposes indicated in our report as above set forth. On November 22, 1921, we issued an

71 I. C. C.

order extending for 30 days the experimental period of nonoperation, and on December 16, 1921, we further extended such period until such time as the same might be terminated by our further order.

Whether or not the application should be granted will thus depend upon the two factors indicated in our former report, the effect of the discontinuance of service upon the applicant's business, and upon the public convenience and necessity. At the second hearing the record was developed along those lines, although further facts were brought out with respect to the situation as it existed prior to the former proceedings. Our Bureau of Carriers' Accounts has made an extended examination of the applicant's records, and the result of such examination, so far as it has a bearing upon the issues here presented, has been communicated to the parties and is part of the record. Other matters gone into by our accountants but not pertinent to the present inquiry will be made the subject of such further action, independent of this proceeding, as may be determined upon.

The applicant offered evidence tending to show the cost of rehabilitation of the branch line to render a resumption of operations safe. Items of cost enumerated as essential to put the branch in as good condition as the main line include \$1,558 for ties, \$750 for re-lay rail, approximately \$1,100 for labor in renewing ties and rails, and about \$2,500 for the rent and operation of a ditcher. The total cost of rehabilitation, thus stated, would be \$7,331.98, not including the repair of a private wye at St. Andrews used by the applicant but not owned. Two witnesses called by the Railroad Commission of Florida, however, after inspecting the branch, testified that a much smaller expenditure would suffice, one of them placing the amount at \$1,539 and the other at \$2,500. It is believed that the last-named amount, which is the estimate of Commissioner Campbell, of the Florida commission, is the most reliable estimate.

An estimate was presented by the applicant purporting to show its saving in operating expenses through the cessation of operations during the experimental period, although in order to have the data available at the second hearing it was necessary to consider only 85 days instead of 90. The method used in arriving at this estimate was explained at some length in the testimony, and our Bureau of Carriers' Accounts has compared the figures submitted by the applicant with the results as shown by the carrier's books. The estimate of savings made by the applicant, is given as \$1,698.61 for the 85-day period, and after deducting \$258.44 for revenues not earned, it estimates the net saving at \$6,183.10 per year. Inasmuch as 85 days is a relatively short period of time, a comparison has been made with the results of operation for the period from March 1, 1920, to August 22, 1921, inclusive, the former period

being 15.7 per cent of the latter. The following table states the expenses for experimental period of 85 days, per applicant's exhibit, compared with 15.7 per cent of expense for 18-month period of March 1, 1920 to August 21, 1921:

	For 85 days.	Based on percentage.
Wages of enginemen and trainmen-----	\$402. 90	\$422. 94
Station employees and supplies-----	202. 30	209. 90
Maintenance of roadway and track-----	332. 05	428. 18
Maintenance of locomotives -----	220. 04	398. 83
Fuel, etc -----	339. 44	623. 22
Total -----	1, 497. 33	2, 083. 07

The above is a partial list of the items, but by this comparison it becomes evident that the applicant's exhibit may be accepted as a conservative estimate of the saving effected by nonoperation of the branch.

The applicant contends that the net results of operation of its system as a whole for the current year are so much more favorable than the corresponding results for 1920 as to indicate that the greater part of its losses in 1920 are to be attributed to the operation of the St. Andrews branch. It shows that the gross revenues for the first 10 months of 1921 were \$83,000 less than the gross revenues for the corresponding 10 months of 1920, but that notwithstanding this shrinkage in its volume of business the operating deficit for 1921 is much smaller than for 1920. It appears, however, that the improvement in net income in 1921 as compared with 1920 began to manifest itself at a time when the branch was still in operation. Protestants argue, on the other hand, that the figures submitted by the applicant show that the road as a whole has been aided in the past by the operation of the branch.

The applicant further contends that the reduction in operating expenses, or the saving above set forth, has been accomplished without any corresponding reduction in volume of traffic or revenues; in other words, that it handled nearly as much business originating at St. Andrews during the experimental period as it received while the branch was in operation. A statement is submitted by applicant showing the total revenues derived from the business handled in and out of Panama City for residents of St. Andrews during the experimental period of 85 days, the total amounting to \$1,600.75, including the applicant's proportion of the express revenues on shipments of fish for St. Andrews dealers. Applicant estimates its loss in mail and passenger earnings for the period at \$258.44. Our accountants have checked the outbound St. Andrews shipments for the full experimental period of 90 days and find that the total freight revenue on such shipments amounted to \$222.05, of which amount

\$147.56, or about 66 per cent, accrued on shipments moving to Dothan, Ala., over the entire 82 miles of applicant's main line. They further find that the applicant's proportion of the revenues on express shipments of fish originated by St. Andrews dealers amounted to \$1,574 for the full 90-day period. This figure is arrived at by applying revenue to the outbound fish shipments at the rate of 40 cents per package, instead of 32.3 cents per package, as estimated by applicant, since on the basis of rates applicable during 1921 the former figure is deemed the more accurate. Applying the 40-cent basis to the 3,690 packages shown to have moved during the 85-day period, the item becomes \$1,476 instead of \$1,191.85, as shown in applicant's exhibit.

Protestants urge that an estimate of losses obtained by using a mileage prorata basis is unfair to the branch and that the proper method would be to credit its operation with all the revenues accruing from St. Andrews business. It is obvious, however, that the main line must be credited with some proportion of the revenues as compensation for the expense of handling the traffic from Panama City to Dothan. It is equally apparent that an allocation of revenues and expenses on a strict mileage basis in the ratio of 82 miles to 2 miles may be misleading. A better test may possibly be obtained by approaching the problem from another angle. By the use of the foregoing figures it appears possible to set up a reasonably accurate estimate of the revenues which the applicant would have derived from St. Andrews business during the experimental period had the branch been in operation. Using the figures submitted by the applicant as a basis, but making certain corrections which appear to be justified by the examination of our accountants, such a statement for the 85-day period would be as follows:

Freight revenue, inbound and outbound, from applicant's exhibit 43...	\$408. 90
Express revenue on outbound shipments, revenue at 40 cents per package as estimated by accountants.....	1, 476. 00
Express revenue on inbound shipments, estimated from computation of total revenue of inbound shipments for the 18 months' period...	125. 00
Mail and passenger revenue, from applicant's exhibit 43.....	258. 44
Total.....	2, 268. 34

Deducting the applicant's estimate of operating expenses saved during the period, there remains the sum of \$569.73, and deducting \$258.44 for mail and passenger revenue accruing between Panama City and St. Andrews, we obtain \$311.29 as the net amount of compensation which the applicant would have received for hauling freight and express traffic over its main line, chiefly to Dothan. It should be borne in mind that the applicant's estimates are based on a period of 85 days, whereas our accountants' figures cover the

1922, and within a like time after the close of each six months' period thereafter, until all of such certificates shall have been paid and canceled, all pertinent facts relating to payment of the rentals and deposits, the amounts expended from such rentals and deposits, and the purpose of each such expenditure; each of said reports to be signed and verified by an executive officer of the applicant, having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said trust certificates, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 636.

IN THE MATTER OF SETTLEMENT WITH THE MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 14, 1922. Decided June 6, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Minneapolis, St. Paul & Sault Ste. Marie Railway Company ascertained to be \$5,127,467.82. A total amount of \$3,135,000 having been certified for payment as advances under paragraph (h), and an amount of \$1,400,000 having been certified as partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$592,467.82. Certificate issued.

C. W. Gardner for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Minneapolis, St. Paul & Sault Ste. Marie Railway Company, hereinafter termed the carrier, is a carrier by railroad, which during the guaranty period engaged as a common carrier in general transportation. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of

section 5 of the standard contract between the United States and carriers under Federal control. Proper deductions have been made for so-called war taxes in arriving at the net railway operating income or deficit for the guaranty period and there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$5,127,467.82, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period.....	\$1, 327, 426. 90
One-half amount of annual compensation under Federal control act named in contract.....	5, 289, 488. 52
Increase in compensation under section 4 of the Federal control act.....	16, 583. 42
Total amount claimed.....	<u>6, 633, 498. 84</u>

Adjustments:

Amount claimed under section 4 of the Federal control act.....	\$16, 583. 42	
Allowance under section 4 of the Federal control act.....	16, 730. 90	
Addition under section 4.....		147. 48
Amount claimed for maintenance of way and structures and for maintenance of equipment.....	\$9, 632, 640. 03	
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	8, 940, 470. 88	
Deduction for maintenance.....		692, 169. 15
Deduction on account of war taxes.....		152, 872. 85
Net effect of unaudited items estimated and claimed by the carrier under section 212 (b) of the transportation act, 1920.....	\$1, 012, 208. 19	
As estimated by commission and agreed to by carrier.....	351, 071. 69	
Deduction for unaudited items.....		<u>661, 136. 50</u>
Net deductions.....		<u>1, 506, 031. 02</u>

Amount necessary to make good the guaranty..... 5, 127, 467. 82

Certificates for advances under paragraph (h) and for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

Advance, July 15, 1920.....	\$1, 000, 000
Advance, Aug. 26, 1920.....	2, 135, 000
Partial payment, April 7, 1921.....	1, 400, 000
Total.....	4, 535, 000

The amount still due the carrier is, therefore, \$592,467.82, for which an appropriate certificate will be issued.

Certificate No. A-848 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Minneapolis, St. Paul & Sault Ste. Marie Railway Company, a corporation of the State of Minnesota, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$5,127,467.82 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as advances to said carrier under section 209(h) an aggregate amount of \$3,135,000 under two certificates, as follows: July 15, 1920, \$1,000,000, and August 26, 1920, \$2,135,000, and as a partial payment under section 209(g), as amended by section 212, an amount of \$1,400,000 under one certificate, dated April 7, 1921.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920, in addition to the amount of advances heretofore certified under section 209(h), and amount of partial payment heretofore certified under section 209(g), as amended by section 212, is \$592,467.82.

5. The commission has made final determination as aforesaid of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 6th day of June, 1922.

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by the applicant, and the title to the right of way including the wye tracks at the Panama City end of the branch. Evidence was also offered as to the relations between the applicant and the St. Andrews Bay Lumber Company with respect to the handling of certain shipments for the latter and reference was made to the purchase by the applicant of the hotel property at Panama City. Taking into account these and all other matters deemed by protestants to have a bearing on the issues, we are of the opinion that resumption of operation of the branch is not justified. That such operation would be a matter of convenience to the two remaining shippers of fish may be conceded, but it can hardly be said to be a matter of necessity. The term "public convenience and necessity" implies both convenience and necessity since the words are not synonymous but must be given a separate and distinct meaning. "Necessity does not exist unless the inconvenience would be so great as to amount to an unreasonable burden on the community." *Hunter v. Mayor*, 5 R. I., 325. The words imply an urgent, immediate public need." *Wisconsin Telephone Co. v. Railroad Commission*, 162 Wis., 383; 156 N. W., 614.

It is contended by protestants that this branch line is in fact a spur track, and that therefore the proceeding is not within our jurisdiction, since by paragraph (22) of section 1 the provisions of paragraph (18) are not applicable to such spur. It is argued that the function performed by the branch is that of a terminal, since the track extends from the terminus of applicant's line and the movement partakes of the character of a switching service. The line of demarcation between a spur track and a branch line of railroad is often somewhat vague and difficult of ascertainment, but we think that each case must be governed by its own facts. In this case it appears that there is a station at the end of the branch, which was formerly in charge of a regular paid agent of the applicant; that at such station tickets could be purchased to all points on and beyond the applicant's main line; less-than-carload freight could be and was billed therefrom, as well as express shipments of merchandise; mail was carried to and from this station and the applicant received pay from the Government for handling it over the branch; the service performed was that of a line haul with respect to general freight, express, and passenger business and not merely a switching movement to St. Andrews on a Panama City billing. All of these indicia point rather to a branch line than to a spur track, as the latter term is commonly used and understood, and we are therefore of the opinion that the case does not fall within the exception of paragraph (22).

Upon the facts presented, we find that the present and future public convenience and necessity permit the abandonment of the operation of the branch line in question. A certificate to that effect will be issued.

McCHORD, *Chairman*, dissenting:

I do not agree that this record establishes the fact to be that the present or future public convenience and necessity permit an abandonment of the branch line. Not only does the phrase "public convenience and necessity" itself imply, but the judicial decisions recognize it to import, the advantages and requirements of the public alone, apart from the desires or burdens of the carrier. Paragraph 18 of section 1 of the act is neither a grant nor an enlargement of the right to construct or abandon; on the contrary, it is a limitation upon the right. Even upon a showing of economic advantage to a trunk line in constructing or operating a branch, a certificate may be denied upon the ground that the public convenience and necessity would not be subserved. Equally, a proposed abandonment, certainly of a branch line, must be shown to be consonant with the public convenience and necessity; and the present case does not involve a proposal to abandon the entire system as unable to maintain itself.

Except in so far as it may be supported by the sovereign State, which is not subject to coercion, a highway once dedicated to the public use may not be abandoned without regard to the public interest in it. A common carrier by railroad, which does not enjoy the sovereign's immunity but does exercise a delegated sovereign right of eminent domain, may not abandon the highway it creates, if by appropriate means it can maintain it, so long as the public convenience and necessity remain to be served. He whose property is appropriated, even by his gift, for use in constructing such a highway can not thereafter interfere with the public use, and a corresponding obligation to the public rests upon the carrier. The duty to the public includes the duty to exhaust every lawful expedient to maintain the highway in such condition as to meet the public convenience and necessity. Only when it is beyond the carrier's power, or when the public interest ceases, does the duty cease.

As I analyze the majority report, the public convenience and necessity are subordinated to the present unprofitable operation of the St. Andrews branch, although the branch affords the only railroad service to a community no smaller or less promising than many others throughout the country accorded such service. There does not appear to have been a real effort, as there might have been, if there has been any effort at all, to obtain such increases in rates for

the branch-line service as might aid in its maintenance. The abandonment of a railroad should be authorized only as a last resort, and this record does not disclose to me that the carrier has yet reached that extremity.

COMMISSIONER COX also dissents.

Certificate of Public Convenience and Necessity.

Further hearing and investigation of the matters and things involved in this proceeding having been had, and said commission having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity permit the abandonment by the Atlanta & St. Andrews Bay Railway Company of the operation of the branch line of railroad extending from said railway company's main line, a short distance north of its station at Panama City, to the station of St. Andrews, all in Bay County, Fla., a distance of about 1.89 miles.

It is ordered, That said Atlanta & St. Andrews Bay Railway Company be, and it is hereby, authorized to abandon the operation of said branch line.

It is further ordered, That said Atlanta & St. Andrews Bay Railway Company, when filing schedules canceling tariffs applicable to said branch, shall in such schedules make specific reference to this certificate by title, date, and docket number.

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FINANCE DOCKET No. 1258.

IN THE MATTER OF THE APPLICATION OF THE DULUTH & NORTHERN MINNESOTA RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY.

Submitted May 10, 1922. Decided June 6, 1922.

On rehearing, conclusions of former report that a certificate should issue authorizing the abandonment of a line of railroad in St. Louis, Lake, and Cook Counties, Minn., affirmed. Previous report, 70 I. C. C., 184.

Washburn, Bailey & Mitchell for applicant.

Clifford L. Hilton, attorney general, *C. H. Christopherson*, assistant attorney general, and *H. G. Carleton*, special assistant, for State of Minnesota.

Joseph Meyer and *B. F. Fowler* for protestants.

Ivan Bowen for Railroad and Warehouse Commission of Minnesota.

Alexander Wiley for Cornell Wood Products Company.

REPORT OF THE COMMISSION ON REHEARING.

BY THE COMMISSION:

On July 15, 1921, we issued a certificate, 70 I. C. C., 184, that the present and future public convenience and necessity permit the abandonment by the Duluth & Northern Minnesota Railway Company of its line of railroad extending from Knife River, Lake County, Minn., in a northeasterly direction through Lake and St. Louis Counties to Cascade, Cook County, Minn., a distance of 99.25 miles. On the 16th day of October, 1921, the attorney general of Minnesota and the protestants petitioned for a rehearing and reargument of the case, whereupon the proceeding was reopened for that purpose and such rehearing was had on January 27, 1922.

On the rehearing, the evidence was confined to proofs as to an offer submitted to the attorney general of Minnesota on October 10, 1921, by the Minnesota Forest Products Company, hereinafter called the timber company, and of its ability, to furnish adequate tonnage to enable the road to operate; and to testimony of the settlers showing their situation as the result of the cessation of service on the railroad in question. The facts as they existed at the time our certificate was issued are sufficiently set forth in our report of July 15, 1921, and it is not claimed that such statement of the facts is inadequate or incor-

rect in any detail, but the contention of the protestants and of the attorney general, in effect, is that our conclusion based upon these facts was an erroneous one and that the situation has materially changed since our certificate was issued. The facts brought out at the rehearing may be summarized as follows:

The timber company is a corporation organized in 1920, with a paid-up capital of \$250,000, having assets, according to its vice president, of about \$1,250,000 and liabilities of \$160,000, consisting entirely of deferred payments on purchases of timber. The company owns about 185,000,000 feet of saw timber and saw logs which will produce, according to its estimate, about 2,000,000 tons of forest products. Its holdings are in Cook County, and are capable of being reached by this railroad. This company was not represented at the first hearing, nor was any proof offered as to the availability of its products for shipment over applicant's line. So far as the record discloses, the company first manifested an interest in the fate of this line of railroad on October 10, 1921, nearly six months after the first hearing and almost three months after our certificate was issued. On that date the timber company addressed a letter to the attorney general of Minnesota, proposing that, if our certificate could be revoked, it would purchase the entire line of railroad, with its equipment, at a minimum price of \$1,500 per mile, or for such greater amount as would equal the scrap value of the road and its equipment. It further agreed to operate the line as a common carrier, in order to provide an outlet for its own products and also to assist in developing the territory served. Its vice president was of the opinion that the timber products in Cook County would furnish sufficient tonnage to give the road satisfactory earnings for a number of years to come, and that the cut-over lands would in the meantime be sufficiently settled and developed to maintain the line after the timber has been removed.

Settlers located along the line testified that since the operation of the road ceased they have had no means of getting their timber to market, which is their only means of livelihood, because the region is virgin country and there is nothing to do except to work the timber. The settlement and clearing of land have been too slow to enable settlers to live without cutting timber. Some of them have left the region since the abandonment took place, and others feel that they will be compelled to do likewise, abandoning the idea of clearing the land for the raising of crops.

As regards the offer of the timber company to purchase the road, it appears that the resolution authorizing the vice president to make such an offer was adopted at a meeting of the board of directors held on October 3, 1921, at which meeting there were present the

vice president, the secretary, and the attorney for the company, each of whom is represented on the stock ledger by one share of stock of the par value of \$100, which stock, however, is all owned by the principal stockholder and that there was no stockholders' meeting for the purpose of authorizing the offer or ratifying the same after it was made. It also appears that the assets of the company were acquired with moneys advanced to it by the principal stockholder and credited to him on the books under a verbal agreement on his part to take stock to cover the amount. The company is not authorized by its articles of incorporation to operate as a common carrier by railroad, but its vice president states that the articles will be amended to effectuate that purpose if the transaction is consummated. No explanation is offered as to the failure of the company to participate in the first hearing or to take any steps to negotiate for the road prior to October, 1921, although the record shows that the intention of the applicant to seek authority to abandon the line was a matter of common knowledge in that part of the State as early as 1919.

On the part of the applicant it was shown at the rehearing that operation of the line was abandoned on September 23, 1921, pursuant to the authorization of our certificate. Trains were run up to that time in the hope that a purchaser for the road might be found, but no offer of any kind was obtained, although efforts to that end were made. On October 8, 1921, a contract was entered into between the applicant and the Cloquet Lumber Company for the sale to the latter of all track material of every kind included in the southerly 71 miles of the line, the remaining mileage having been previously disposed of in connection with the sale of the timber holdings of Alger, Smith & Company, the principal stockholder of the applicant. Prior to that date the witness had heard some informal discussion to the effect that an effort might be made to obtain a rehearing in this case.

Apart from the question of the effect, if any, of the applicant's assumption of obligation under its contract just referred to, it may be doubted whether the showing made is sufficient to warrant a reversal of our previous conclusion on the strength of the offer of the timber company. While no question need be raised as to the good faith of the application for rehearing, it is very remarkable that the timber company, with holdings of 185,000,000 feet of merchantable timber which it desires to market, and which it can not market except over the line in question, should sit idly by, while the intention of the applicant to abandon service was being advertised, while publication was being made of the application for a certificate permitting such abandonment, while a similar proceeding was pending before the State commission resulting in an appeal to the courts from an order

of that body authorizing such abandonment, and while this proceeding was being heard by us in the city where its office was located, and yet make no appearance in any of such proceedings or move in the matter in any way until October, 1921. The timber company's statement that it is believed that the tonnage in Cook County would furnish sufficient business to give the road satisfactory earnings is little more than a conclusion and is not supported on the record by any details showing the volume of traffic which it expects to offer for transportation. Nothing is presented, therefore, upon which we can conclude that the results of operation of the line will be any more favorable than we anticipated in our former report. In the record upon which that report was based there was nothing to indicate that any useful purpose would be served by requiring the applicant, as a condition precedent to abandonment, to offer the line for sale as a going concern, and the situation is the same on the record now before us, since it is quite evident that the applicant would not, and in view of its contract obligations perhaps could not, accept the offer of the timber company.

Upon argument it was asserted that the purchasers of the property from the applicant were willing to sell it to anyone who would operate it as a common carrier for exactly what the purchasers have agreed to pay the applicant. The only condition suggested was that the person thus acquiring the property would be required to agree to move the timber adjacent to the northern 21 miles of the line, and that timber would naturally form the most desirable traffic a company operating the line as a common carrier could expect to secure. No bona fide attempt appears to have been made to negotiate such a purchase. Our order permitting the applicant to abandon its interstate business will impose no bar to such a purchase. The timber company, if it has the financial and technical ability necessary to secure a certificate from the State to acquire and operate a line, may by this simple transaction carry out its proposal and restore operation. Our jurisdiction being limited to interstate commerce, no order which we have authority to enter has been suggested by anyone which would facilitate such a purchase and sale.

Nor does it appear possible to change our former conclusion on the evidence of hardship to settlers in the community. Their situation was dealt with in our report and the hardship to a considerable number of people was fully recognized. It is not perceived, however, that such hardship can be mitigated without doing violence to settled principles of law and to the plain intent of the act. And this brings us to a consideration of the arguments of the attorney general and of the protestants as to the proper construction of the statute and its validity. The questions raised by the attorney general were in fact

considered, although not discussed in our original report, but, as they are again brought forward on rehearing, it is proper to refer to them somewhat in detail.

It is contended, first, that the applicant's line lies wholly within the State of Minnesota, and for that reason the applicant is an intrastate carrier and not subject to the provisions of paragraphs (18) to (22) of section 1 of the act. It appears, however, that the applicant has for some years been engaged in interstate commerce and this is conceded by the attorney general.

It is further contended, both by the attorney general and the protestants, that if the paragraphs in question apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact. Since the briefs were filed, however, the Supreme Court of the United States has interpreted paragraphs (18) to (20), inclusive, of section 1, and has held that as interpreted they are valid. *Texas v. Eastern Texas R. R. Co. et al.*, decided March 13, 1922. This decision establishes that Congress could and did authorize us to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. It follows that the effect of our certificate in this case was to permit the applicant herein to abandon interstate and foreign commerce, leaving the question of continued operation for intrastate service to be disposed of in other proceedings.

We are further urged to construe these paragraphs as requiring us to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which we can not take into account at all. The argument is that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, and that if we find from the evidence that there is any degree of public need for the service, we must, as a matter of law, deny the application. Such a construction, however, loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expense of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. *Jack v. Williams*, 113 Fed., 823, affirmed by the Circuit Court of Appeals, 145 Fed., 281. *Central Bank & Trust Co. v. Cleveland*, 252 Fed., 530. *Ohio & Miss. Ry. Co. v. People*, 120 Ill., 200, 11 N. E., 347. A further persuasive consideration against this contention is found in the result of its adoption on the validity of the act itself. For while we may not with propriety decide that an act of Congress is unconstitutional, we must as clearly avoid any suggested construction of

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a statute which would render it ineffectual and adopt a construction, when called upon to construe it, which will sustain it, if such a construction is reasonable and consonant with the language employed. *Texas v. Eastern Texas R. R. Co. et al., supra.* The past earnings and probable future earnings are evidentiary facts which, in the light of all circumstances disclosed of record, enable us to make a finding under which the appropriate certificate may be granted. We are not impressed with the argument that it is merely our duty to make a finding with respect to a bare need for the service unaffected by how far that need is evidenced by the payment forthcoming for the service rendered. The method of procedure provided by the act was in addition to the constitutional right of the carrier existing prior thereto, and a cognate remedy was available to the public, before Congress asserted this species of control over the subject, for most of the abandonment cases that have been before the courts arose out of proceedings for mandamus or injunction.

The attorney general contends that this argument must be applied, by analogy, to a case under the same paragraph involving construction of a new line of railroad, and if a strong or urgent public need for such new line be shown, we must issue our certificate irrespective of whether, in our opinion, that line will be able to handle sufficient traffic to pay the expenses of operation. We can not, however, accept this view.

The Supreme Court of Minnesota, in passing upon the order of the State commission with respect to this applicant, did no more than to construe the Minnesota statute and define the duties of that commission in administering it. That statute is quite different in its language and scope from the provisions of paragraphs (18) and (20) of section 1 of the interstate commerce act. The former reads—

the commission shall ascertain the facts and make findings thereon, and if such facts satisfy the commission that the proposed abandonment or closing of traffic will not result in substantial injury to the public, they may allow the same * * *.

It appears that the State commission did not base its order upon the ground that the proposed abandonment would not result in substantial injury to the public, and in fact did not so find, and therefore there was no basis in the language of the act for that commission to "allow the same."

By the provisions of the interstate commerce act under consideration, we are to find whether the present or future public convenience and necessity permit of such abandonment, and upon the issuance of our certificate "the carrier by railroad may, without securing approval other than such certificate, * * * proceed with the con-

struction, operation, or abandonment covered thereby." These provisions, we think, bring within our consideration all matters touching the feasibility of continued operation on the part of the carrier and permit us to take into account, among such matters, the question of whether the line has been or can be operated without financial loss.

Upon the facts presented, we are of the opinion that nothing will be gained by a modification of our certificate so as to require the applicant to offer the line for sale as a going concern, and that the conclusions of our former report should be adhered to. Since the legal effect of such certificate has been defined by the Supreme Court as being limited to the abandonment of the line as to interstate and foreign commerce, we do not consider it necessary to reissue the certificate. It accomplishes that purpose as it stands and can not, in view of the decision referred to, be construed as authorizing the cessation of intrastate commerce. An appropriate order will be entered.

McCHORD, *Chairman*, dissenting:

In the light of the facts developed on rehearing, I can not assent to the conclusion reached by the majority. Upon this reconsideration of the case, as I view it, the burden of proof remains upon the applicant carrier to justify abandonment of its line. I insist that we have no right to assume that the applicant is not, or can not place itself by negotiation, in position to take advantage of the Minnesota Forest Products Company's offer to purchase and operate the entire line. Equally, I insist, we have no right to question, openly or suggestively, the validity or bona fides of the directorate's action upon which that offer rests, or to reject as without weight the opinion of the vice president of the company, presumably based upon a practical knowledge of the lumber business, that there would be available a sufficient tonnage to yield the railroad satisfactory earnings for a number of years to come. For obvious reasons, a purchase of the railroad would give the timber company every incentive to make good its prediction. Certainly, we should afford those interested the opportunity to maintain the line as a going concern. Abandonment of a transportation line, if at all, like abandonment of any other public highway, should be a last resort, and steadfastly in that view we should weigh the evidence. The report of the majority seems to me to lean in the other direction.

The suggestion of the majority that our authorization of abandonment would interpose no bar to the purchase, and that by securing a certificate from the State to acquire and operate the line the pur-

chaser could carry out its proposal and restore operation, is beside the question. If our certificate remains outstanding the purchaser would be under no obligation to resume interstate business, and a withdrawal from the field is not, I think, justified on the record. It would not only result in hurt to this property as a common carrier but be inimical to present and future public convenience and necessity.

It is my unhesitating judgment that upon the present record we should withdraw the outstanding certificate.

COMMISSIONER COX has authorized me to say that he concurs with the foregoing.

COMMISSIONER LEWIS also dissents.

ORDER.

A rehearing and investigation of the matters and things involved in this proceeding having been had, and the commission having, on the date hereof, made and filed a supplemental report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered. That said report of July 15, 1921, and the certificate issued thereon be, and the same are hereby, affirmed.

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FINANCE DOCKET No. 2288.

IN THE MATTER OF THE APPLICATION OF THE CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO CONSTRUCT AND OPERATE A NEW LINE OF RAILROAD.

Submitted May 18, 1922. Decided June 6, 1922.

Certificate issued authorizing the Cleveland, Cincinnati, Chicago & St. Louis Railway Company to construct and operate a line of railroad in Delaware County, Ohio.

L. J. Hackney for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cleveland, Cincinnati, Chicago & St. Louis Railway Company, a carrier by railroad subject to the interstate commerce act, on March 14, 1922, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to construct a cut-off extending from a point on the Cincinnati division of its railroad at or near milepost 111 in Brown Township, Delaware County, Ohio, in a northerly direction to a connection with its present main-line track at or near milepost 117 in Berlin Township of said county, a distance of approximately 3.5 miles. No representations have been made by the State authorities and no objection to the granting of the application has been presented to us.

The proposed line will shorten the distance for the movement of through traffic between Cincinnati and Cleveland and intermediate points by approximately 3 miles. It will also avoid falling and rising grades of 86 feet and a curvature of 137° on the existing line in the valley of the Olentangy River. It is stated that the maximum grade on the line between Columbus, Ohio, and Galion, Ohio, will be reduced from 0.8 per cent to 0.3 per cent for all trains using the new line, and that passenger trains will save from 5 to 6 minutes and freight trains from 20 to 30 minutes as compared with the time required for traveling the present route.

No stations will be established on the proposed line, and none on the present line will be discontinued. The industries in the sur-

rounding territory will continue to be served by the applicant through its existing facilities at Delaware.

The applicant estimates that the proposed line will cost \$176,700 and that its construction will effect a saving of \$57,000 a year in operating expenses, based upon the volume of business of October, 1920. It is proposed to finance the cost of construction from revenues.

Upon the facts presented we find that the present and future public convenience and necessity require and will require the construction and operation by the applicant of the line of railroad described in the application. A certificate to that effect will be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the construction and operation by the Cleveland, Cincinnati, Chicago & St. Louis Railway Company of the line of railroad in Delaware County, Ohio, described in the application and report aforesaid.

It is ordered, That the Cleveland, Cincinnati, Chicago & St. Louis Railway Company be, and it is hereby, authorized to construct and operate said new line of railroad.

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FINANCE DOCKET No. 2373.

IN THE MATTER OF THE APPLICATION OF THE CUMBERLAND VALLEY TELEPHONE COMPANY OF BALTIMORE CITY AND OTHER TELEPHONE COMPANIES FOR A CERTIFICATE AUTHORIZING CONSOLIDATION OF PROPERTIES.

Submitted May 16, 1922. Decided June 6, 1922.

Certificate issued certifying that the acquisition by the Chesapeake & Potomac Telephone Company of Baltimore City and the Chesapeake & Potomac Telephone Company of West Virginia of certain property of the Cumberland Valley Telephone Company of Baltimore City will be of advantage to the persons to whom service is to be rendered and in the public interest.

C. W. Artz and R. J. Eby for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cumberland Valley Telephone Company of Baltimore City, the Chesapeake & Potomac Telephone Company of Baltimore City, and the Chesapeake & Potomac Telephone Company of West Virginia, hereinafter called the Valley Company, the Baltimore Company, and the West Virginia Company, respectively, on May 5, 1922, filed a joint application pursuant to the provisions of section 5 of the interstate commerce act, as amended by act of Congress approved June 10, 1921, amending section 407 of the transportation act, 1920, for a certificate that the acquisition by the Baltimore Company and the West Virginia Company of certain property, hereinafter described, of the Valley Company, will be of advantage to the persons to whom service is to be rendered and in the public interest.

The Valley Company operates a number of telephone exchanges and connecting toll lines in the State of Maryland, and owns all of the capital stock of the United American Telephone Company of West Virginia, which operates exchanges and toll lines in West Virginia. Among the Maryland exchanges there is one at Hagerstown, which is operated in competition with the Baltimore Company and at Martinsburg, W. Va., an exchange is duplicated by a plant operated by the West Virginia Company. There is also a duplication

of the toll lines connecting these and other points in Maryland and West Virginia. The applicants have entered into a tentative agreement whereby the property at Hagerstown, except the central office and the substation equipment, is to be conveyed to the Baltimore Company for the sum of \$18,000, and the property at Martinsburg, with like exception, is to be conveyed to the West Virginia Company for the sum of \$27,000, these sums including the purchase price of the connecting toll lines in each instance. Applicants estimate the reproduction cost of the properties to be conveyed at \$126,759.04, but state that all of the property will be retired from service within the year, and hence its value for the purposes of this proceeding is the net salvage value, or \$45,000. Central-office and substation equipment will be retained by the Valley Company for use at other points, and the outside plant will be connected with the plant of the purchasing company in each city, where all existing toll connections will be retained. Thus the net result of the transaction will be the elimination of dual exchange service at Hagerstown and Martinsburg, there being at present 185 duplicated stations. At the Hagerstown exchange the Valley Company was unable in 1921 to earn its operating expenses, and experienced a net deficit of \$1,077.39, while at Martinsburg the net operating revenue of the operating company was \$866.65 and the net deficit was \$3,036.99 for that year. Applicants estimate, however, that the increase in gross revenues and the reduction of operating expenses at these two points, made possible by the unification of the respective exchanges, will produce a net income of \$1,800 during the first year.

The proposed consolidation has heretofore received the approval of the Public Service Commission of Maryland. The jurisdiction of the Public Service Commission of West Virginia does not extend to such transactions. The city council of Martinsburg, however, has adopted an ordinance granting the Valley Company the right to dispose of its property to the West Virginia Company and authorizing the latter to take and operate the same. Petitions signed by numerous citizens of both cities, urging that the application be granted, have been filed. Upon the facts presented we find that the proposed acquisition herein described will be of advantage to the persons to whom service is to be rendered and in the public interest.

A certificate to that effect will be issued.

Certificate of Advantage and Public Interest.

A hearing and investigation of the matters involved in this proceeding having been had, and said division having, on the date hereof,

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made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the proposed acquisition of those certain telephone properties as described in said report will be of advantage to the persons to whom service is to be rendered and in the public interest.

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FINANCE DOCKET No. 2389.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS.

Submitted May 25, 1922. Decided June 6, 1922.

Authority granted to issue \$2,700,000 of debenture gold bonds of 1930; said bonds to be sold at not less than 93½ per cent of par, and the proceeds used for corporate purposes.

James B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago, St. Paul, Minneapolis & Omaha Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$2,700,000 of its debenture gold bonds of 1930. No objection to the granting of the application has been presented to us.

The aforesaid amount of bonds was authenticated and delivered to applicant's treasurer during the years 1917 and 1919, and is now held by the company. The bonds were authorized by a debenture agreement, dated March 1, 1912, made by the applicant with the Central Trust Company of New York and James N. Wallace, as trustees, and were drawn down to reimburse the applicant's treasury in part for expenditures aggregating \$3,358,397.42 made from income during the period December 1, 1913, to December 31, 1917, for enlargements, extensions, betterments, and additions to its property, and for additional equipment, as set forth in the application. Authority to have such bonds authenticated and delivered was obtained from the appropriate commissions of the States of Wisconsin and Nebraska.

The agreement mentioned above provides for an issue of not exceeding \$15,000,000 of debenture gold bonds of 1930, to be dated March 1, 1912, to mature March 1, 1930, and to bear interest at

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the rate of 5 per cent per annum, payable semiannually on March 1 and September 1 in each year. The issue of the bonds is authorized for enlargements, extensions, betterments, and additions, made or to be made, and the acquisition of additional equipment. Of the amount authorized there have been issued and are now outstanding in the hands of the public \$11,200,000 of such bonds.

The applicant represents that no negotiations or contracts pertaining to the sale of the bonds have been had or entered into, but that it will invite bids from probable purchasers and will sell the bonds at the best possible price. Authority is sought to sell them at not less than 93½ per cent of par and accrued interest. On such basis the annual cost to the applicant will be approximately 6 per cent on the proceeds of the bonds.

Representation is made that the proceeds from the sale of the bonds will be used to reimburse the applicant's treasury, to restore its working fund, to enable it to make additions and betterments, to purchase equipment, and to pay taxes and interest.

We find that the proposed issue by the applicant of not exceeding \$2,700,000 of its debenture gold bonds of 1930 (*a*) is for lawful objects within its corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Chicago, St. Paul, Minneapolis & Omaha Railway Company be, and it is hereby, authorized to issue, under and pursuant to a debenture agreement dated March 1, 1912, made with the Central Trust Company of New York and James N. Wallace, as trustees, not exceeding \$2,700,000 principal amount, of its debenture gold bonds of 1930, bearing interest at the rate of 5 per cent per annum, now held in its treasury; said bonds to be sold at not less than 93½ per cent of par and accrued interest, and the proceeds used for the purposes set forth in the aforesaid report.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the sale of said bonds, said report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

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FINANCE DOCKET No. 2401.

IN THE MATTER OF THE APPLICATION OF THE TERMINAL RAILROAD ASSOCIATION OF ST. LOUIS FOR AUTHORITY TO ISSUE GENERAL-MORTGAGE BONDS.

Submitted May 25, 1922. Decided June 6, 1922.

Authority granted to issue, at par, \$25,000 of general-mortgage 4 per cent bonds in part payment for certain real estate.

T. M. Pierce for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Terminal Railroad Association of St. Louis, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue, at par, \$25,000 of its general-mortgage 4 per cent bonds (now held in its treasury) in part payment for certain real estate. No objection to the granting of the application has been presented to us.

The applicant represents that it has purchased for the development of passenger facilities approximately 38,566 square feet of land (being all of city block 1718 west, city of St. Louis, Mo.) from the Peerless Realty Company, at a price of \$80,022.50. For this real estate the applicant proposes to pay \$55,022.50 in cash and to deliver \$25,000 of its first-mortgage bonds upon receipt of a satisfactory deed. The vendor has agreed to accept these bonds at par in part payment for the property which it is to convey to the applicant.

By our order dated June 18, 1921, in *Bonds of Terminal R. R. Asso. of St. Louis*, 67 I. C. C., 771, we authorized the applicant to issue nominally \$719,000 of its general-mortgage 4 per cent gold bonds in respect of expenditures for capital purposes. That order requires that the bonds be held in the applicant's treasury until further disposition of them is authorized by us. On January 12, 1922, in *Bonds of Terminal R. R. Asso. of St. Louis*, 71 I. C. C., 35, we authorized the applicant to issue \$65,000 of the bonds in payment for certain real estate. The bonds proposed to be issued are a part of those remaining in the applicant's treasury. They are secured by the general mortgage dated December 16, 1902, made by 71 I. C. C.

the applicant to the Central Trust Company of New York and William Taussig, trustees, and are payable on January 1, 1953.

We find that the proposed issue of bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Terminal Railroad Association of St. Louis be, and it is hereby, authorized to issue not exceeding \$25,000, principal amount, of general-mortgage bonds (now held in its treasury) under and pursuant to, and to be secured by, the general mortgage dated December 16, 1902, made by the applicant to the Central Trust Company of New York and William Taussig, trustees; said bonds to bear interest at the rate of 4 per cent per annum, payable semi-annually on January 1 and July 1 in each year, and to mature January 1, 1953; said bonds to be delivered to the Peerless Realty Company at par in part payment for certain real estate, as set forth in the application and the aforesaid report.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue of said bonds, such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 237.

IN THE MATTER OF SETTLEMENT WITH THE VENTURA
COUNTY RAILWAY COMPANY UNDER SECTION 204 OF
THE TRANSPORTATION ACT, 1920.

Submitted October 14, 1920. Decided June 7, 1922.

1. The Ventura County Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Ventura County Railway Company under the provisions of section 204 is ascertained to be \$17,456.32, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

Elisha Gee for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Ventura County Railway Company, a corporation of the State of California, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between McGrath, Calif., and Rocky Mound, Calif., with various branches, a distance of approximately 21.2 miles, its lines connecting at Oxnard, Calif., with the Southern Pacific system, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

It appears that the carrier was under Federal control from January 1, 1918, to June 30, 1918, and that it operated its own line of railway from July 1, 1918, to February 29, 1920. This carrier's release from Federal control was effected by the usual order of relinquishment, issued by the director general on June 29, 1920. Thereafter, under date of December 27, 1919, it executed and delivered to the director general an instrument containing a statement of the fact that it had been relinquished from Federal control and

had elected not to enter into a standard cooperative short-line contract, together with the following stipulation:

Now, therefore, the Ventura County Railway Company, in consideration of the premises, and of obtaining the advantages of the two days' free time or reclaim allowance and such other cooperation as is accorded to it by the Director General of Railroads, hereby agrees to accept the same in full adjustment, settlement, satisfaction and discharge of any and all claims and rights, at law or in equity, which it now has, or hereafter can have, against the United States, the President, the Director General of Railroads, or any agent or agency thereof, by virtue of anything done or omitted pursuant to the acts of Congress relating to the Federal control of railroads or any act of the President or of the Director General of Railroads.

It is our opinion that the above-quoted stipulation does not affect the rights of the carrier under the provisions of section 204.

The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$19,887.05. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$17,456.32 before making the adjustments under the provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We, therefore, find a net credit of \$17,456.32 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-97 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Ventura County Railway Com-

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pany, hereinafter termed the carrier, is a corporation of the State of California, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$17,456.32.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 7th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 2262.

IN THE MATTER OF THE APPLICATION OF THE ESCANABA & LAKE SUPERIOR RAILROAD COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING IT TO ABANDON A PORTION OF A BRANCH LINE.

Submitted May 25, 1922. Decided June 7, 1922.

Certificate issued authorizing the abandonment as to interstate and foreign commerce of a portion of a branch line of applicant's railroad located in Marquette and Dickinson Counties, Mich.

C. W. Kates for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Escanaba & Lake Superior Railroad Company, a carrier by railroad subject to the interstate commerce act, engaged in operating a line of railroad located wholly in the State of Michigan, on February 28, 1922, filed an application for a certificate that the present and future public convenience and necessity permit the abandonment of a portion of a branch line of applicant's railroad. The Michigan Public Utilities Commission filed an answer to this application in which they deny that we have jurisdiction over this matter. We are, however, of the opinion that we have jurisdiction as to interstate and foreign commerce. The case was submitted without formal hearing.

Following the decision of the United States Supreme Court in *Texas v. Eastern Texas R. R. Co., et al.*, March 13, 1922, our finding and order in this proceeding will deal only with interstate and foreign commerce.

The line in question which applicant proposes to abandon is the northwesterly 6.1 miles of the Northland branch, which branch extends a distance of 14 miles from the station of Northland to a station called Camp Ten. The line to be abandoned was constructed in 1902 for the purpose of hauling forest products. The supply of forest products has now been exhausted and applicant states that should it be compelled to continue operation of the line there would be no traffic hauled. The territory tributary to the

line in question has no population and it does not appear probable that there will be any settlers for a number of years. No protests have been received against the granting of this application.

Upon the facts presented we find that the present and future public convenience and necessity permit the abandonment as to interstate and foreign commerce of the portion of the branch line of railroad herein described. A certificate to that effect will accordingly be issued.

Certificate of Public Convenience and Necessity.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That as to interstate and foreign commerce the present and future public convenience and necessity permit the abandonment by the Escanaba & Lake Superior Railroad Company of the northwesterly 6.1 miles of its Northland branch, described in the application and report aforesaid.

It is ordered, That said Escanaba & Lake Superior Railroad Company be, and it is hereby, authorized to abandon said portion of its branch line of railroad as to interstate and foreign commerce.

FINANCE DOCKET No. 2328.

IN THE MATTER OF THE APPLICATION OF THE TUCKA-
SEEGEE & SOUTHEASTERN RAILWAY COMPANY FOR
A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY AUTHORIZING IT TO ACQUIRE AND OP-
ERATE A NEW LINE OF RAILROAD.

Submitted May 19, 1922. Decided June 7, 1922.

1. Certificate issued authorizing the Tuckaseegee & Southeastern Railway Company to acquire and operate a line of railroad in Jackson County, N. C.
2. Request for permission to retain excess earnings denied.

George H. Parker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Tuckaseegee & Southeastern Railway Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, on April 7, 1922, filed an application for a certificate of public convenience and necessity, pursuant to paragraph (18) of section 1 of the interstate commerce act, authorizing it to acquire and operate a line of railroad extending from a connection with the railroad of the Southern Railway Company at Sylva in a general southeasterly direction up Tuckaseegee River to Blackwood, a distance of 12.26 miles, all in Jackson County, N. C. Permission is also requested, under paragraph (18) of section 15a of the act, to retain the excess earnings of the line to be acquired. No representations have been made by the State authorities, and no objection to the granting of the application has been presented to us.

The applicant was incorporated under the laws of North Carolina on August 6, 1920, with an authorized capital stock of \$300,000. It is stated that the line of railroad in question was substantially completed prior to the effective date of paragraph (18) of section 1 of the act, and that to the extent that it was not completed prior to that date contracts for its completion had been made. It appears that the funds for the construction of the line were advanced by the Blackwood Lumber Company, with the intent that the actual

construction costs would be assumed by the applicant, when incorporated, and would be reflected in the applicant's accounts.

The railroad traverses a rolling and mountainous territory. The applicant estimates that the area tributary to the line is approximately 110,000 acres, of which 100,000 acres are timberlands, 5,000 acres are pasture lands, and 5,000 acres are under cultivation. The primary purpose for constructing the line was to furnish transportation facilities for marketing forest products. A sawmill has been established at the end of the road and the applicant anticipates that additional sawmills will be erected along the line. Drilling for copper is now being done, and it is asserted that the probability of development depends only on the trend of the price of copper. There are some grazing, farming, and dairying activities in the territory served, and it is claimed that these will be increased as the timber is cut and the land devoted to agricultural purposes.

The population of Jackson County is 14,000, and it is estimated by the applicant that two-thirds of this population is within the territory to be served by this line. Stations will be established at Sylva, where connection is made with the Southern Railway, and at Cullowhee and Blackwood. These points have approximate populations of 1,000, 300, and 500, respectively. Cullowhee and Blackwood are not served by another railroad.

Gross operating revenues are estimated by the applicant at \$106,000 annually for the first five years of operation. Net revenue is estimated at \$25,000 a year, and the net railway operating income is estimated at \$5,000 for the first year, increasing to \$20,000 for the fifth year. It is stated that no part of the estimated traffic will be diverted from existing railroads.

The cost of the line, as stated by the applicant, was \$319,581.69. Included in the statement of cost is an item of \$5,896.71 for lease of rails to December 31, 1921, and a further item of \$2,810.68 for freight-train cars. The applicant estimates that the equipment necessary to operate the road will cost \$50,000, and states that any additional equipment needed will be leased from the Southern Railway Company.

It is proposed to finance the construction and equipment of the railroad by the sale, at par, of \$300,000 of capital stock. It is stated that the proceeds from the sale of capital stock will cover the construction cost, excepting approximately \$20,000, which will be advanced by the Blackwood Lumber Company and carried in the applicant's accounts as advances for construction. An application for authority to issue capital stock is pending before us.

It appears that the operation of this line would serve the public interest by giving rail transportation to a section heretofore lacking

such facilities and by making possible the development of large areas of timberlands.

Upon the facts presented we find that the acquisition and operation by the applicant of the line of railroad described in the application will be in the public interest. As the railroad in question was substantially completed prior to the effective date of paragraph (18) of section 1 of the interstate commerce act, it is our opinion that the request to retain excess earnings does not come within the provisions of paragraph (18) of section 15a of the act, and must therefore be denied. An appropriate certificate and order will be entered.

Certificate and Order.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is hereby certified, That the present and future public convenience and necessity require and will require the acquisition and operation by the Tuckaseegee & Southeastern Railway Company of the line of railroad in Jackson County, N. C., described in the application and report aforesaid.

It is ordered, That the Tuckaseegee & Southeastern Railway Company be, and it is hereby, authorized to acquire and operate said line of railroad.

It is further ordered, That the Tuckaseegee & Southeastern Railway Company, when filing schedules establishing rates and fares to and from points on said line of railroad, shall in such schedule make specific reference to this certificate by title, date, and dock number.

And it is further ordered, That the request for permission to retain excess earnings be, and it is hereby, denied.

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FINANCE DOCKET No. 2398.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO & NORTH WESTERN RAILWAY COMPANY FOR AUTHORITY TO SELL BONDS.

Submitted May 22, 1922. Decided June 7, 1922.

Authority granted to sell \$2,233,000 of general-mortgage gold bonds of 1987 at an average price of not less than par.

J. B. Sheean for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Chicago & North Western Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority to sell \$1,815,000 of its general-mortgage gold bonds of 1987 which are now held in its treasury, and to issue and sell \$418,000 of such bonds to reimburse its treasury for moneys expended out of income for additions and betterments and on account of the retirement of certain underlying bonds. No objection to the granting of the application has been presented to us.

Of the \$1,815,000 of bonds proposed to be sold, \$440,000 were, by our order of March 11, 1921, in *Bonds of Chicago & North Western Ry.*, 67 I. C. C., 254, authorized to be authenticated and delivered by the corporate trustee, under the applicant's general gold-bond mortgage dated November 1, 1897, to the United States Trust Company and John A. Stewart, trustees, in respect of the retirement of a like amount of Wisconsin & Northern Railway Company bonds; \$1,000,000 were, by our order of December 19, 1921, in *Bonds of Chicago & North Western Ry.*, 70 I. C. C., 758, authorized to be authenticated and delivered by the corporate trustee, in respect of capital expenditures made during the calendar year 1921; and \$375,000 were, by our order, also dated December 19, 1921, in *Bonds of Chicago & North Western Ry.*, 70 I. C. C., 762, authorized to be authenticated and delivered by the corporate trustee in respect of the retirement of a like amount of underlying bonds.

Of the \$418,000 of bonds proposed to be issued and sold, \$100,000 are issuable under the aforesaid mortgage in respect of capital expenditures made during the calendar year 1918; \$224,000 in respect of the retirement of a like amount of the applicant's 5 per cent sinking-fund debentures of 1933; and \$94,000 in respect of the retirement of

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We, therefore, find a net credit of \$9,717.82 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-101 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Raquette Lake Railway Company, hereinafter termed the carrier, is a corporation of the State of New York, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$9,717.82.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Date this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 220.

IN THE MATTER OF SETTLEMENT WITH THE SILVERTON NORTHERN RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided June 9, 1922.

1. The Silverton Northern Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Silverton Northern Railroad Company under the provisions of section 204 is ascertained to be \$20,845.16, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

James R. Pitcher, jr., for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Silverton Northern Railroad Company, a corporation of the State of Colorado, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Gladstone, Colo., and Animas Forks, Colo., a distance of approximately 21 miles, its line connecting at Silverton, Colo., with the Denver & Rio Grande Railroad, a line of railway under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$32,488.18. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, inclusive, shows the correct amount due the carrier for that period to be \$20,845.16 before making the adjustments under the provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We find a net credit of \$20,845.16 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-98 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Silverton Northern Railroad Company, hereinafter termed the carrier, is a corporation of the State of Colorado, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$20,845.16.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 234.

IN THE MATTER OF SETTLEMENT WITH THE UNITED VERDE & PACIFIC RAILWAY COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided June 9, 1922.

1. The United Verde & Pacific Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the United Verde & Pacific Railway Company under the provisions of section 204 is ascertained to be \$34,533.15, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

Robert E. Talley for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The United Verde & Pacific Railway Company, a corporation of the State of Arizona, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Jerome Junction, Ariz., and Jerome, Ariz., a distance of approximately 26 miles, its line connecting at Jerome Junction with the Atchison, Topeka & Santa Fe Railway, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to March 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from March 31, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$30,194.48. Our examination of the accounts for the period from March 31, 1918, to February 29, 1920, inclusive, shows the net credit to the carrier for that period to be \$34,533.15 before making the adjustments under the

provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We, therefore, find a net credit of \$34,533.15 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-100 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the United Verde & Pacific Railway Company, hereinafter termed the carrier, is a corporation of the State of Arizona, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$34,533.15.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS AND IN MEETING MATURING INDEBTEDNESS.

Submitted May 16, 1922. Decided June 9, 1922.

Upon consideration of an application filed by the carrier, supplemental certificate issued authorizing the release by the Secretary of the Treasury of certain collateral securing a loan from the United States under section 210 of the transportation act, 1920. Previous reports, 67 I. C. C., 569, and 70 I. C. C., 446.

M. L. Bell for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

On May 12, 1921, we issued our report in this proceeding, 67 I. C. C., 569 (amended September 13, 1921, 70 I. C. C., 446), and on June 28, 1921, our certificate No. 96 to the Secretary of the Treasury, approving the making of a loan of \$1,568,540 by the United States to the National Railway Service Corporation, hereinafter referred to as the corporation, to aid the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, in the acquisition of certain locomotives and freight-train cars, pursuant to the provisions of section 210 of the transportation act, 1920, as amended June 5, 1920.

By the terms and conditions of the loan the applicant was required to indorse and unconditionally guarantee the note or notes given to the Secretary of the Treasury by the corporation, evidencing the loan. It was also required to execute and deliver to the Secretary of the Treasury an instrument of pledge substantially in the form shown by Exhibit D accompanying our certificate, as security for the performance of the applicant's obligations of indorsement and guaranty and for the repayment of the loan by the corporation.

By the terms of the aforesaid instrument of pledge certain securities, theretofore pledged with the Secretary of the Treasury as security for a certain note or notes of the applicant, required by the Director General of Railroads and the War Finance Corpora-

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We find a net credit of \$44,831.32 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-99 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Leetonia Railway Company, hereinafter termed the carrier, is a corporation of the State of Pennsylvania, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$44,831.32.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 213.

IN THE MATTER OF SETTLEMENT WITH THE
RAQUETTE LAKE RAILWAY COMPANY UNDER SEC-
TION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided June 9, 1922.

1. The Raquette Lake Railway Company is subject to section 204 of the transportation act, 1920, as amended.
2. The amount payable to the Raquette Lake Railway Company under the provisions of section 204 is ascertained to be \$9,717.82, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

W. C. Wishart for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Raquette Lake Railway Company, a corporation of the State of New York, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in transportation, operating between Carter, N. Y., and Raquette Lake, N. Y., a distance of approximately 24 miles, its line connecting at Raquette Lake with the line of the New York Central Railroad, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and was privately operated during the period July 1, 1918, to February 29, 1920, inclusive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period January 1, 1918, to February 29, 1920, inclusive, of \$10,693.27. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, inclusive, shows that the credit to the carrier for that period to be \$9,717.82 before making the adjustments under the provisions of paragraph (a) of section 204 of the transportation act, 1920.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We, therefore, find a net credit of \$9,717.82 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-101 under Section 204 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Raquette Lake Railway Company, hereinafter termed the carrier, is a corporation of the State of New York, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$9,717.82.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Date this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 220.

IN THE MATTER OF SETTLEMENT WITH THE SILVERTON NORTHERN RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided June 9, 1922.

1. The Silverton Northern Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Silverton Northern Railroad Company under the provisions of section 204 is ascertained to be \$20,845.16, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

James R. Pitcher, jr., for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4. COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Silverton Northern Railroad Company, a corporation of the State of Colorado, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Gladstone, Colo., and Animas Forks, Colo., a distance of approximately 21 miles, its line connecting at Silverton, Colo., with the Denver & Rio Grande Railroad, a line of railway under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$32,488.18. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, inclusive, shows the correct amount due the carrier for that period to be \$20,845.16 before making the adjustments under the provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We find a net credit of \$20,845.16 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-98 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Silverton Northern Railroad Company, hereinafter termed the carrier, is a corporation of the State of Colorado, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$20,845.16.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 234.

IN THE MATTER OF SETTLEMENT WITH THE UNITED VERDE & PACIFIC RAILWAY COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided June 9, 1922.

1. The United Verde & Pacific Railway Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the United Verde & Pacific Railway Company under the provisions of section 204 is ascertained to be \$34,533.15, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

Robert E. Talley for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The United Verde & Pacific Railway Company, a corporation of the State of Arizona, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Jerome Junction, Ariz., and Jerome, Ariz., a distance of approximately 26 miles, its line connecting at Jerome Junction with the Atchison, Topeka & Santa Fe Railway, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to March 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from March 31, 1918, to February 29, 1920, inclusive. It did not have a cooperative contract, or other contract, with the director general for any portion of the Federal control period. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$30,194.48. Our examination of the accounts for the period from March 31, 1918, to February 29, 1920, inclusive, shows the net credit to the carrier for that period to be \$34,533.15 before making the adjustments under the

provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We, therefore, find a net credit of \$34,533.15 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-100 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the United Verde & Pacific Railway Company, hereinafter termed the carrier, is a corporation of the State of Arizona, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$34,533.15.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 9th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 945.

IN THE MATTER OF THE APPLICATION OF THE CHICAGO, ROCK ISLAND & PACIFIC RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO AID IN PROVIDING EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS AND IN MEETING MATURING INDEBTEDNESS.

Submitted May 16, 1922. Decided June 9, 1922.

Upon consideration of an application filed by the carrier, supplemental certificate issued authorizing the release by the Secretary of the Treasury of certain collateral securing a loan from the United States under section 210 of the transportation act, 1920. Previous reports, 67 I. C. C., 569, and 70 I. C. C., 446.

M. L. Bell for applicant.

SUPPLEMENTAL REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

On May 12, 1921, we issued our report in this proceeding, 67 I. C. C., 569 (amended September 13, 1921, 70 I. C. C., 446), and on June 28, 1921, our certificate No. 96 to the Secretary of the Treasury, approving the making of a loan of \$1,568,540 by the United States to the National Railway Service Corporation, hereinafter referred to as the corporation, to aid the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, in the acquisition of certain locomotives and freight-train cars, pursuant to the provisions of section 210 of the transportation act, 1920, as amended June 5, 1920.

By the terms and conditions of the loan the applicant was required to indorse and unconditionally guarantee the note or notes given to the Secretary of the Treasury by the corporation, evidencing the loan. It was also required to execute and deliver to the Secretary of the Treasury an instrument of pledge substantially in the form shown by Exhibit D accompanying our certificate, as security for the performance of the applicant's obligations of indorsement and guaranty and for the repayment of the loan by the corporation.

By the terms of the aforesaid instrument of pledge certain securities, theretofore pledged with the Secretary of the Treasury as security for a certain note or notes of the applicant, required by the Director General of Railroads and the War Finance Corpora-

tion, and therein and hereinafter referred to respectively as class A and class B securities, became available also to secure the loan and the obligations of indorsement and guaranty.

On May 16, 1922, the applicant filed with us a petition for the release by the United States of a portion of the class A securities and of all of the class B securities, as more particularly set forth in Article V of its petition, as follows: In class A, \$2,750,000 of St. Paul & Kansas City Short Line Railroad Company 4½ per cent gold bonds of 1941, \$1,950,000 of Rock Island, Arkansas & Louisiana Railroad Company 4½ per cent gold bonds of 1934, and \$300,000 of Arkansas & Memphis Railway Bridge & Terminal Company first-mortgage 5 per cent gold bonds of 1964; and in class B, \$19,798,000 of the applicant's first and refunding 4 per cent gold bonds of 1934.

In its petition the applicant shows (1) that in addition to that portion of class A securities for which release is sought, the applicant now has pledged with the Secretary of the Treasury \$5,972,000, principal amount, of its first and refunding bonds; (2) that the applicant has effected a settlement with the Director General of Railroads, whereby the director general will agree to the funding of \$8,000,000 of the applicant's indebtedness to the United States arising out of Federal control, pursuant to section 207 of the transportation act, 1920, and will release to the applicant the note or notes held by him and also all of the class A securities now pledged therefor, except the \$5,972,000, principal amount, of the applicant's first and refunding bonds, as aforesaid; (3) that the applicant has agreed to pay the note or notes required by the War Finance Corporation which will release from the lien of said notes all of the class B securities; and (4) that the applicant proposes to pledge as collateral security for the note of \$8,000,000 to be required by the director general, as aforesaid, \$12,500,000, principal amount, of the applicant's first and refunding bonds, consisting of the \$5,972,000, principal amount, of said bonds now pledged as aforesaid, and \$6,528,000, additional principal amount of said bonds from those to be released from the lien of the note or notes held by the War Finance Corporation, as aforesaid.

Since the filing of the applicant's petition, we have been advised that the director general has agreed with the applicant to require the pledge of only \$12,000,000, instead of \$12,500,000, principal amount, of the applicant's first and refunding bonds as collateral security for the \$8,000,000 note to be given by the applicant, as aforesaid. This will require the pledge of only \$6,028,000, instead of \$6,528,000, of said bonds from those to be released by the War Finance Corporation.

By the terms of the aforesaid instrument of pledge, as and when and to the extent that the applicant pledges additional securities as

collateral security for indebtedness to the United States arising out of Federal control, such securities automatically become class A securities, applicable also as security for the applicant's loans and obligations under section 210.

The applicant's first and refunding bonds have a present value in the market of New York of about 81 per cent of par, upon which basis the aforesaid \$12,000,000 of bonds will have a market value of \$1,720,000 in excess of the face amount of the applicant's note or notes to be required by the director general, and this value will be applicable as additional security for our loans.

Our certificate No. 96 contains provisions for the release of pledged securities as evidenced by paragraph 5 (e), reading as follows:

The corporation may repay all or any portion of the loan before maturity. When and as repayment is made upon either part of the loan, there shall be released to the corporation a principal amount of deferred-lien certificates equivalent to the principal amount of the portion of the loan repaid, and the Secretary of the Treasury, with the concurrence of the Interstate Commerce Commission, may at any time release all or any part of the collateral security pledged by the applicant or by the corporation and/or of any additional security that may be required, upon such terms and conditions as the Commission may prescribe.

After investigation, we find the release of securities by the United States, which is sought by the applicant, may be accomplished without diminishing below the point of reasonable security the values of the equities pledged to secure the applicant's loans and obligations under section 210 of the transportation act, 1920, as amended, and that such release is necessary to enable the applicant to refund indebtedness to the United States pursuant to the provisions of section 210 of the transportation act.

An appropriate supplement to our certificate No. 96, authorizing the release by the Secretary of the Treasury of the securities set forth in Article V of the applicant's petition, will be issued.

Supplement to Certificate No. 96 for a Loan under Section 210 of the Transportation Act, 1920, as Amended.

The Interstate Commerce Commission further certifies to the Secretary of the Treasury, as follows:

That pursuant to the provisions of subparagraph (e) of paragraph 5 of certificate No. 96, dated June 28, 1921, to the Secretary of the Treasury, approving the making of a loan of \$1,568,540 by the United States to the National Railway Service Corporation for the benefit of the Chicago, Rock Island & Pacific Railway Company, hereinafter referred to as the applicant, the Interstate Commerce Commission hereby concurs in the release by the Secretary of the Treasury to the applicant, as a whole or from time to time in part

and in such manner and amounts as the Secretary of the Treasury may prescribe, of all or any of the following described securities:

1. \$2,750,000, principal amount, of St. Paul & Kansas City Short Line Railroad Company 4½ per cent gold bonds, due February 1, 1941, issued under the St. Paul & Kansas City Short Line first mortgage to the Bankers Trust Company of New York, as trustee. Said bonds are guaranteed as to principal and interest by the applicant, are in denomination of \$1,000, and are numbered 5060 to 7809, inclusive.

2. \$1,950,000, principal amount, of Rock Island, Arkansas & Louisiana Railroad Company first-mortgage 4½ per cent gold bonds, due March 1, 1934, issued under the Rock Island, Arkansas & Louisiana first mortgage to the Bankers Trust Company of New York, as trustee. Said bonds are guaranteed as to principal and interest by the applicant, are in denomination of \$1,000, and are numbered 8001 to 9950, inclusive.

3. \$300,000, principal amount, of Arkansas & Memphis Railway Bridge & Terminal Company first-mortgage 5 per cent gold bonds, due March 1, 1934, issued under the first mortgage of March 2, 1914, to the Guaranty Trust Company of New York, as trustee. Said bonds are in denomination of \$1,000, and are numbered 2201 to 2500, inclusive,

which said securities are a part of the class A securities referred to in a certain instrument of pledge (Exhibit D) executed and delivered by the applicant to the Secretary of the Treasury, pursuant to the provisions of paragraph 5 (d) of said certificate No. 96, and

4. \$19,798,000, principal amount, of the applicant's first and refunding mortgage 4 per cent gold bonds, due April 1, 1934, issued under an indenture of mortgage, dated April 1, 1904, executed and delivered by the applicant to the Central Union Trust Company of New York and David R. Francis, as trustees. Said bonds are in denomination of \$1,000, and are numbered as follows:

Nos. 94943 to 104302, both inclusive-----	9360 bonds.
Nos. 111141 to 112408, both inclusive-----	1268 bonds.
Nos. 117521 to 123520, both inclusive-----	6000 bonds.
Nos. 126641 to 128910, both inclusive-----	2270 bonds.
Nos. 135123 to 136022, both inclusive-----	900 bonds.
Total -----	19798 bonds.

being the class B securities referred to in the instrument of pledge (Exhibit D) hereinabove mentioned; provided, that none of the securities hereinabove identified and described shall be released unless and until the applicant shall have pledged with the United States as additional collateral security for indebtedness to the United States arising out of Federal control \$6,028,000, principal amount, of its said first and refunding mortgage 4 per cent gold bonds, due April 1, 1934; so that the total principal amount of said bonds pledged for said purpose, including the bonds to be pledged and the bonds of said issue now held by the Secretary of the Treasury for said purpose, being a part of the class A securities referred to in Exhibit D, accompanying certificate No. 96, shall be not less than \$12,000,000.

Done at Washington, D. C., this 9th day of June, 1922.

71 L. C. C.

FINANCE DOCKET No. 2221.

IN THE MATTER OF THE APPLICATION OF THE
KANSAS & OKLAHOMA RAILWAY COMPANY FOR
AUTHORITY TO ISSUE CAPITAL STOCK.

Submitted April 26, 1922. Decided June 9, 1922.

Authority granted to issue not to exceed 14,000 shares of common capital stock of par value of \$100 a share for the purpose of continuing construction of applicant's railroad.

Malloy, Davis & White and Edward E. Gann for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Kansas & Oklahoma Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue 14,000 shares of its common capital stock of the par value of \$100 per share for the purpose of paying for the construction of its railroad at a cost of not to exceed \$15,000 per mile. No objection to the granting of the application has been presented to us.

The applicant was organized on March 20, 1919, with an authorized capital stock of \$100,000 for the purpose of constructing a railroad between Liberal, Kans., and Forgan, Okla., with a branch line extending into Texas. The plans were later changed and the Texas project abandoned, the applicant arranging to build westward through the counties of Stevens and Morton in Kansas, into Colorado. The work was commenced prior to the effective date of the transportation act and the applicant has spent approximately \$100,000 thereon. At the present time construction is being carried on between Liberal and Richfield, Kans. It is proposed to complete approximately 93 miles of line besides sidings and switches. Upon completion, the applicant will have connections with the Missouri, Kansas & Texas system at Forgan, Okla., the Chicago, Rock Island & Pacific Railway at Liberal, Kans., and the Atchison, Topeka & Santa Fe Railway system at Hugoton, Kans. The Liberal Construction Company has been employed to construct the line for an agreed compensation of \$15,000 per mile of line completed, payment to be made either in cash or in stock. Municipalities along the right of way

have agreed to subscribe \$6,000 per mile of road completed. The applicant will issue to these municipalities stock at par and will receive aid bonds in lieu thereof. These bonds will be sold at par and the proceeds paid to the construction company. The applicant further states that if any part of the remainder of the stock can be sold by it to investors along the line of the railway at a price above par, such sale will be made and the remainder of \$9,000 per mile will be paid to the construction company in cash and stock at par.

The applicant has not yet taken any steps to amend its charter so that it may issue stock in excess of \$100,000, but it represents that if and when it has received authority from us to issue capital stock in the amount of \$1,400,000 it will immediately proceed to secure an amendment of its charter in conformity with the State law, authorizing the increased capitalization. The Kansas commission is on record in this proceeding as unqualifiedly approving the project.

We find that the proposed issue of capital stock by the applicant in connection with the construction of its railway (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to, and made a part hereof:

It is ordered, That, for the purpose of constructing approximately 93 miles of railroad, extending in a westerly direction from Liberal, Kans., the Kansas & Oklahoma Railway Company be, and it is hereby, authorized to issue not to exceed 14,000 shares (not over 150 shares for each mile of completed railroad) of its common capital stock, of the par value of \$100 per share, as follows, (1) by delivering to municipalities along the line of the proposed railway not to exceed 60 shares of said stock for each mile of road, in exchange for municipal aid bonds, \$100 in bonds to be given for each share of stock; (2) by selling any or all of the remainder of the stock at not less than par; and (3) by delivering to the Liberal Construction Company said municipal aid bonds at their face value, or their cash equivalent, and said stock at par, or its cash equivalent, on a

basis aggregating not to exceed \$15,000 for each mile of line completed by said construction company: *Provided, however,* That unless and until applicant shall have amended its charter so as to provide for this additional capitalization in conformity with the laws of the State of Kansas, no shares of stock shall be issued under the terms of the authority herein contained.

It is further ordered, That except as herein authorized to be issued, said stock shall not be issued, sold, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the sale or delivery of said stock, and for the period ended June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such period, report to this commission all pertinent facts relating to the construction of its railroad; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

FINANCE DOCKET No. 2354.

IN THE MATTER OF THE JOINT APPLICATION OF THE CLEVELAND UNION TERMINALS COMPANY FOR AUTHORITY TO ISSUE STOCK AND BONDS, AND OF THE NEW YORK CENTRAL RAILROAD COMPANY AND OTHERS FOR AUTHORITY TO ASSUME LIABILITY AS GUARANTORS.

Submitted May 23, 1922. Decided June 9, 1922.

1. Authority granted to the Cleveland Union Terminals Company to issue not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100 each; said stock to be sold at not less than par for cash, and the proceeds used for capital purposes. .
2. Authority granted to the Cleveland Union Terminals Company to issue not exceeding \$12,000,000 of 5½ per cent first-mortgage sinking-fund gold bonds, series A; said bonds to be sold at not less than 92½ per cent of par and accrued interest, and the proceeds used for capital purposes.
3. Authority granted to the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company to assume joint and several obligation and liability, as guarantors, in respect of the aforesaid bonds.

Charles W. Stage and *W. A. Colston* for the Cleveland Union Terminals Company.

F. J. Jerome for the New York Central Railroad Company and the Cleveland, Cincinnati, Chicago & St. Louis Railway Company.

C. C. Collister and *W. A. Colston* for the New York, Chicago & St. Louis Railroad Company.

Peter Witt in his own behalf.

Harrison W. Ewing in his own behalf.

R. J. Page in his own behalf.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Cleveland Union Terminals Company, hereinafter called the terminals company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, and the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, hereinafter called the proprietary companies, common carriers by railroad engaged in interstate commerce, have filed a joint application under section 20a of the interstate commerce act, in which the terminals

company asks authority to issue 100 shares of common capital stock of the par value of \$100 each, and \$12,000,000 of its first-mortgage sinking-fund gold bonds, series A, for capital purposes, and in which the proprietary companies, each for itself, ask for authority to assume obligation and liability jointly and severally, as guarantors, in respect of the payment of the principal and interest of said bonds. Various protests having been filed, a hearing was held at Cleveland, Ohio.

The terminals company is a corporation organized under the laws of the State of Ohio for the purpose, among others, of purchasing or leasing depot grounds, and locating, constructing, and maintaining a union passenger and freight depot, and terminal and connecting tracks for the use of steam and electric railroads; and for constructing, maintaining, and operating in connection therewith a terminal railroad in the city of Cleveland, Ohio. It has an authorized capital stock of \$10,000, consisting of 100 shares of the par value of \$100 each, which has been sold, and will be delivered, at par for cash to the proprietary companies, pursuant to an agreement dated December 8, 1921, between the applicant parties, and the proceeds used for corporate capital purposes as stated in the application. A copy of the agreement is filed in this proceeding.

By our certificate and order dated December 6, 1921, in *The Cleveland Passenger Terminal Case*, 70 I. C. C., 659, we certified that the present and future public convenience and necessity require, and will require, the construction and operation of a terminal station and a line of railroad constituting the approaches thereto, in the city of Cleveland, Ohio, as described in the report attached thereto and the applications for such certificate. By that certificate and order we approved and authorized the acquisition by the proprietary companies of control of the terminals company by purchase of its capital stock; and authorized the proprietary companies to construct and operate the line of railroad and terminal station, by and through control of, and contract with, the terminals company, as proposed and described in the said report and applications. As a condition of the authorization we provided that nothing therein should be taken as a finding, either express or implied, as to the amount or character of any securities to be issued or in respect of which any liability or obligation was to be assumed, in connection with the carrying out of the provisions of the contract.

The estimate of costs of the acquisition of lands for, and construction of, the proposed terminal station, railroad, and facilities set forth in the application shows the following totals:

Engineering	\$1, 625, 654. 00
Land for transportation purposes.....	18, 100, 314. 84
Land (construction chargeable to land)	622, 000. 00

Grading-----	\$2, 901, 091. 00
Bridges, trestles, and culverts-----	4, 431, 278. 00
Ties, rails, other track material, ballast, and tracklaying and surfacing-----	995, 970. 00
Right-of-way fences-----	34, 320. 00
Crossings and signs-----	2, 281, 940. 00
Station and office buildings-----	9, 643, 158. 00
Shops and engine houses-----	331, 100. 00
Signals and interlockers-----	768, 900. 00
Power substation buildings, power transmission buildings, power distribution systems, power-line poles and fixtures, under- ground conduits, and power substation apparatus-----	1, 701, 920. 00
Other locomotives-----	1, 463, 000. 00
Taxes during construction-----	2, 122, 168. 00
Interest during construction-----	8, 363, 619. 00
Total-----	55, 366, 432. 84

In order to procure funds for the above-mentioned purposes, the terminals company proposes to execute and deliver a first mortgage or deed of trust as of April 1, 1922, on all of its properties, including those which shall be owned or acquired hereafter, subject, however, to certain easements, rights, and uses specified therein, to the Union Trust Company (of Cleveland, Ohio), trustee, to secure an authorized issue of bonds so limited that the amount thereof outstanding at any one time shall never exceed \$60,000,000. By the terms of the proposed mortgage, a copy of which is filed in this proceeding, bonds are to be issued in series, in the form of coupon bonds and of registered bonds without coupons, in specified denominations, to be dated not earlier than April 1, 1922, to bear such rates of interest, to be redeemable otherwise than by operation of the sinking fund provided for therein, and to mature not later than April 1, 1997, as shall be determined and specified by the board of directors of the terminals company.

Pursuant to the terms of the proposed mortgage the directors have authorized an issue of not exceeding \$12,000,000 of series-A bonds, to be dated April 1, 1922, to bear interest at the rate of 5½ per cent per annum, payable semiannually on April 1 and October 1 in each year, to mature April 1, 1972, and to be redeemable at 105 per cent of par and accrued interest, at the option of the terminals company, on April 1, 1942, or any interest date thereafter prior to maturity, and on October 1, 1927, or any interest date thereafter prior to maturity, by operation of a sinking fund provided for in the mortgage. Authority is now sought to sell these bonds, the proceeds to be applied to the acquisition of property for, and the construction of, the terminal station, railroad, and facilities, and the discharge of indebtedness on account of certain advances made by the proprietary companies to the terminals company.

Under section 3 of article 2 of the mortgage, not exceeding \$12,000,000 of bonds may be authenticated and delivered by the trustee to the terminals company for the purpose of discharging indebtedness contracted prior to the date of the mortgage, or providing for expenditures to be made by it subsequent to that date, for the acquisition of property for, and the construction of, the terminal station, railroad, and other facilities. The terminals company represents that it is indebted to the proprietary companies for advances, made by the latter to the former for the aforementioned purposes prior to the date of the mortgage, as follows:

The New York Central Railroad Company-----	\$1, 668, 500
The Cleveland, Cincinnati, Chicago & St. Louis Railway Company---	517, 000
The New York, Chicago & St. Louis Railroad Company-----	164, 500
Total-----	2, 350, 000

No definite arrangements have been made to sell the bonds, but representation is made that they will be disposed of at not less than 92½ per cent of par and accrued interest. On such basis the annual cost to the terminals company will be approximately 6 per cent on the proceeds of the bonds.

The proprietary companies propose to assume obligation and liability in respect of the payment of the principal and interest of these bonds by indorsement thereon of their joint and several and unconditional guaranty under the agreement dated December 8, 1921, providing for joint use and operation of the terminal station, railroad, and other facilities at Cleveland, Ohio. By the provisions of the agreement, the proprietary companies, beginning June 1, 1925, will pay to the terminals company, as specified therein, annual installments of a sinking fund to be used for the purpose of redeeming the bonds.

We find that the proposed issue by the Cleveland Union Terminals Company of not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100 each, and not exceeding \$12,000,000 of first-mortgage sinking-fund gold bonds, and the proposed assumption of obligation and liability, as guarantors, in respect of said bonds, by the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, as aforesaid (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

A hearing having been held in this proceeding and full investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland Union Terminals Company be, and it is hereby, authorized to issue not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100, the certificates representing said shares to be in the form submitted with the application; said stock to be sold for cash at not less than par, and the proceeds of the sale thereof used solely for capital purposes as set forth in the application and said report.

It is further ordered, That the Cleveland Union Terminals Company be, and it is hereby, authorized to issue not exceeding \$12,000,000, principal amount, of first-mortgage sinking-fund gold bonds, series A, under and pursuant to, and to be secured by, a proposed first mortgage to be made by it, under date of April 1, 1922, to the Union Trust Company (of Cleveland, Ohio); said bonds to be dated April 1, 1922, to bear interest at the rate of 5½ per cent per annum, payable semiannually on April 1 and October 1 in each year, to mature April 1, 1972, to be redeemable at 105 per cent of par and accrued interest on April 1, 1942, or any interest date thereafter prior to maturity at the option of the Cleveland Union Terminals Company, and on October 1, 1927, or any interest date thereafter prior to maturity by operation of a sinking fund provided for in said proposed mortgage; said bonds to be sold at such price, not less than 92½ per cent of par and accrued interest, that the cost to the applicant shall not exceed 6 per cent per annum on the proceeds realized from the sale of the bonds, and the proceeds thereof to be used solely for purposes specified in the application and said report.

It is further ordered, That the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company be, and they are hereby, authorized to assume obligation and liability in respect of the payment of the principal and interest of the \$12,000,000, principal amount, of the Cleveland Union Terminals Company's first-mortgage sinking-fund gold bonds, hereinbefore authorized to be issued, by entering into an agreement dated December 8, 1921, with the Cleveland Union Terminals Company for the joint use and operation of the terminal station, railroad, and facilities to be constructed by it at Cleveland, Ohio, and by indorsing upon each of said bonds their joint and several and unconditional guaranty of the payment of such principal and interest, in the form set forth in the application.

It is further ordered, That, except as herein authorized, said common capital stock and said first-mortgage bonds shall not be sold, pledged, repledged, or otherwise disposed of by the Cleveland Union Terminals Company, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution and delivery thereof, the Cleveland Union Terminals Company shall file with this commission a verified copy of said proposed first mortgage in the form in which executed.

It is further ordered, That the Cleveland Union Terminals Company shall file with this commission (1) within 10 days thereafter, respectively, reports showing all pertinent facts relating to the issue and sale of said common capital stock and (2) for the period ending December 31, 1922, and for each six months' period thereafter, within 30 days after the close of such period, reports showing all pertinent facts relating to the use of the proceeds therefrom, and continue to file such reports until all of said proceeds shall have been used; said reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Cleveland Union Terminals Company shall file with this commission (1) within 10 days thereafter, respectively, reports showing all pertinent facts relating to the issue and sale of said first-mortgage bonds, including discount thereon, if any, and the account or accounts charged therewith; and (2) within 30 days after December 31, 1922, and each six months' period thereafter, until all of the proceeds thereof shall have been actually expended, reports showing all pertinent facts relating to the use of said proceeds; said reports to be accompanied by copies of the authorities for expenditure of all or any part of said proceeds, showing the projects and the amounts to be expended therefor; said reports and copies of authorities for expenditure to be verified by the oath of an executive officer having knowledge of the facts.

It is further ordered, That the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, severally, or any one of them acting for all, shall within 10 days thereafter report to this commission all pertinent facts relating to the assumption of obligation and liability by them in respect of said \$12,000,000 of first-mortgage sinking-fund gold bonds herein authorized to be issued.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common capital stock, or dividends thereon, or as to said first-mortgage bonds, or interest thereon, on the part of the United States.

have agreed to subscribe \$6,000 per mile of road completed. The applicant will issue to these municipalities stock at par and will receive aid bonds in lieu thereof. These bonds will be sold at par and the proceeds paid to the construction company. The applicant further states that if any part of the remainder of the stock can be sold by it to investors along the line of the railway at a price above par, such sale will be made and the remainder of \$9,000 per mile will be paid to the construction company in cash and stock at par.

The applicant has not yet taken any steps to amend its charter so that it may issue stock in excess of \$100,000, but it represents that if and when it has received authority from us to issue capital stock in the amount of \$1,400,000 it will immediately proceed to secure an amendment of its charter in conformity with the State law, authorizing the increased capitalization. The Kansas commission is on record in this proceeding as unqualifiedly approving the project.

We find that the proposed issue of capital stock by the applicant in connection with the construction of its railway (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to, and made a part hereof:

It is ordered, That, for the purpose of constructing approximately 93 miles of railroad, extending in a westerly direction from Liberal, Kans., the Kansas & Oklahoma Railway Company be, and it is hereby, authorized to issue not to exceed 14,000 shares (not over 150 shares for each mile of completed railroad) of its common capital stock, of the par value of \$100 per share, as follows, (1) by delivering to municipalities along the line of the proposed railway not to exceed 60 shares of said stock for each mile of road, in exchange for municipal aid bonds, \$100 in bonds to be given for each share of stock; (2) by selling any or all of the remainder of the stock at not less than par; and (3) by delivering to the Liberal Construction Company said municipal aid bonds at their face value, or their cash equivalent, and said stock at par, or its cash equivalent, on a

basis aggregating not to exceed \$15,000 for each mile of line completed by said construction company: *Provided, however,* That unless and until applicant shall have amended its charter so as to provide for this additional capitalization in conformity with the laws of the State of Kansas, no shares of stock shall be issued under the terms of the authority herein contained.

It is further ordered, That except as herein authorized to be issued, said stock shall not be issued, sold, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the sale or delivery of said stock, and for the period ended June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such period, report to this commission all pertinent facts relating to the construction of its railroad; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2354.

IN THE MATTER OF THE JOINT APPLICATION OF THE
CLEVELAND UNION TERMINALS COMPANY FOR AU-
THORITY TO ISSUE STOCK AND BONDS, AND OF THE
NEW YORK CENTRAL RAILROAD COMPANY AND
OTHERS FOR AUTHORITY TO ASSUME LIABILITY AS
GUARANTORS.

Submitted May 23, 1922. Decided June 9, 1922.

1. Authority granted to the Cleveland Union Terminals Company to issue not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100 each; said stock to be sold at not less than par for cash, and the proceeds used for capital purposes. .
2. Authority granted to the Cleveland Union Terminals Company to issue not exceeding \$12,000,000 of 5½ per cent first-mortgage sinking-fund gold bonds, series A; said bonds to be sold at not less than 92½ per cent of par and accrued interest, and the proceeds used for capital purposes.
3. Authority granted to the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company to assume joint and several obligation and liability, as guarantors, in respect of the aforesaid bonds.

Charles W. Stage and *W. A. Colston* for the Cleveland Union Terminals Company.

F. J. Jerome for the New York Central Railroad Company and the Cleveland, Cincinnati, Chicago & St. Louis Railway Company.

C. C. Collister and *W. A. Colston* for the New York, Chicago & St. Louis Railroad Company.

Peter Witt in his own behalf.

Harrison W. Ewing in his own behalf.

R. J. Page in his own behalf.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Cleveland Union Terminals Company, hereinafter called the terminals company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, and the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, hereinafter called the proprietary companies, common carriers by railroad engaged in interstate commerce, have filed a joint application under section 20a of the interstate commerce act, in which the terminals

company asks authority to issue 100 shares of common capital stock of the par value of \$100 each, and \$12,000,000 of its first-mortgage sinking-fund gold bonds, series A, for capital purposes, and in which the proprietary companies, each for itself, ask for authority to assume obligation and liability jointly and severally, as guarantors, in respect of the payment of the principal and interest of said bonds. Various protests having been filed, a hearing was held at Cleveland, Ohio.

The terminals company is a corporation organized under the laws of the State of Ohio for the purpose, among others, of purchasing or leasing depot grounds, and locating, constructing, and maintaining a union passenger and freight depot, and terminal and connecting tracks for the use of steam and electric railroads; and for constructing, maintaining, and operating in connection therewith a terminal railroad in the city of Cleveland, Ohio. It has an authorized capital stock of \$10,000, consisting of 100 shares of the par value of \$100 each, which has been sold, and will be delivered, at par for cash to the proprietary companies, pursuant to an agreement dated December 8, 1921, between the applicant parties, and the proceeds used for corporate capital purposes as stated in the application. A copy of the agreement is filed in this proceeding.

By our certificate and order dated December 6, 1921, in *The Cleveland Passenger Terminal Case*, 70 I. C. C., 659, we certified that the present and future public convenience and necessity require, and will require, the construction and operation of a terminal station and a line of railroad constituting the approaches thereto, in the city of Cleveland, Ohio, as described in the report attached thereto and the applications for such certificate. By that certificate and order we approved and authorized the acquisition by the proprietary companies of control of the terminals company by purchase of its capital stock; and authorized the proprietary companies to construct and operate the line of railroad and terminal station, by and through control of, and contract with, the terminals company, as proposed and described in the said report and applications. As a condition of the authorization we provided that nothing therein should be taken as a finding, either express or implied, as to the amount or character of any securities to be issued or in respect of which any liability or obligation was to be assumed, in connection with the carrying out of the provisions of the contract.

The estimate of costs of the acquisition of lands for, and construction of, the proposed terminal station, railroad, and facilities set forth in the application shows the following totals:

Engineering	\$1, 625, 654. 00
Land for transportation purposes.....	18, 100, 314. 84
Land (construction chargeable to land)	622, 000. 00

Grading-----	\$2, 901, 091. 00
Bridges, trestles, and culverts-----	4, 431, 278. 00
Ties, rails, other track material, ballast, and tracklaying and surfacing-----	995, 970. 00
Right-of-way fences-----	34, 320. 00
Crossings and signs-----	2, 281, 940. 00
Station and office buildings-----	9, 643, 158. 00
Shops and engine houses-----	331, 100. 00
Signals and interlockers-----	768, 900. 00
Power substation buildings, power transmission buildings, power distribution systems, power-line poles and fixtures, under- ground conduits, and power substation apparatus-----	1, 701, 920. 00
Other locomotives-----	1, 463, 000. 00
Taxes during construction-----	2, 122, 168. 00
Interest during construction-----	8, 363, 619. 00
Total-----	55, 366, 432. 84

In order to procure funds for the above-mentioned purposes, the terminals company proposes to execute and deliver a first mortgage or deed of trust as of April 1, 1922, on all of its properties, including those which shall be owned or acquired hereafter, subject, however, to certain easements, rights, and uses specified therein, to the Union Trust Company (of Cleveland, Ohio), trustee, to secure an authorized issue of bonds so limited that the amount thereof outstanding at any one time shall never exceed \$60,000,000. By the terms of the proposed mortgage, a copy of which is filed in this proceeding, bonds are to be issued in series, in the form of coupon bonds and of registered bonds without coupons, in specified denominations, to be dated not earlier than April 1, 1922, to bear such rates of interest, to be redeemable otherwise than by operation of the sinking fund provided for therein, and to mature not later than April 1, 1997, as shall be determined and specified by the board of directors of the terminals company.

Pursuant to the terms of the proposed mortgage the directors have authorized an issue of not exceeding \$12,000,000 of series-A bonds, to be dated April 1, 1922, to bear interest at the rate of 5½ per cent per annum, payable semiannually on April 1 and October 1 in each year, to mature April 1, 1972, and to be redeemable at 105 per cent of par and accrued interest, at the option of the terminals company, on April 1, 1942, or any interest date thereafter prior to maturity, and on October 1, 1927, or any interest date thereafter prior to maturity, by operation of a sinking fund provided for in the mortgage. Authority is now sought to sell these bonds, the proceeds to be applied to the acquisition of property for, and the construction of, the terminal station, railroad, and facilities, and the discharge of indebtedness on account of certain advances made by the proprietary companies to the terminals company.

Under section 3 of article 2 of the mortgage, not exceeding \$12,000,000 of bonds may be authenticated and delivered by the trustee to the terminals company for the purpose of discharging indebtedness contracted prior to the date of the mortgage, or providing for expenditures to be made by it subsequent to that date, for the acquisition of property for, and the construction of, the terminal station, railroad, and other facilities. The terminals company represents that it is indebted to the proprietary companies for advances, made by the latter to the former for the aforementioned purposes prior to the date of the mortgage, as follows:

The New York Central Railroad Company-----	\$1, 668, 500
The Cleveland, Cincinnati, Chicago & St. Louis Railway Company---	517, 000
The New York, Chicago & St. Louis Railroad Company-----	164, 500
Total-----	2, 350, 000

No definite arrangements have been made to sell the bonds, but representation is made that they will be disposed of at not less than 92½ per cent of par and accrued interest. On such basis the annual cost to the terminals company will be approximately 6 per cent on the proceeds of the bonds.

The proprietary companies propose to assume obligation and liability in respect of the payment of the principal and interest of these bonds by indorsement thereon of their joint and several and unconditional guaranty under the agreement dated December 8, 1921, providing for joint use and operation of the terminal station, railroad, and other facilities at Cleveland, Ohio. By the provisions of the agreement, the proprietary companies, beginning June 1, 1925, will pay to the terminals company, as specified therein, annual installments of a sinking fund to be used for the purpose of redeeming the bonds.

We find that the proposed issue by the Cleveland Union Terminals Company of not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100 each, and not exceeding \$12,000,000 of first-mortgage sinking-fund gold bonds, and the proposed assumption of obligation and liability, as guarantors, in respect of said bonds, by the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, as aforesaid (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by them of service to the public as common carriers, and which will not impair their ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

A hearing having been held in this proceeding and full investigation of the matters and things involved therein having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Cleveland Union Terminals Company be, and it is hereby, authorized to issue not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100, the certificates representing said shares to be in the form submitted with the application; said stock to be sold for cash at not less than par, and the proceeds of the sale thereof used solely for capital purposes as set forth in the application and said report.

It is further ordered, That the Cleveland Union Terminals Company be, and it is hereby, authorized to issue not exceeding \$12,000,000, principal amount, of first-mortgage sinking-fund gold bonds, series A, under and pursuant to, and to be secured by, a proposed first mortgage to be made by it, under date of April 1, 1922, to the Union Trust Company (of Cleveland, Ohio); said bonds to be dated April 1, 1922, to bear interest at the rate of 5½ per cent per annum, payable semiannually on April 1 and October 1 in each year, to mature April 1, 1972, to be redeemable at 105 per cent of par and accrued interest on April 1, 1942, or any interest date thereafter prior to maturity at the option of the Cleveland Union Terminals Company, and on October 1, 1927, or any interest date thereafter prior to maturity by operation of a sinking fund provided for in said proposed mortgage; said bonds to be sold at such price, not less than 92½ per cent of par and accrued interest, that the cost to the applicant shall not exceed 6 per cent per annum on the proceeds realized from the sale of the bonds, and the proceeds thereof to be used solely for purposes specified in the application and said report.

It is further ordered, That the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company be, and they are hereby, authorized to assume obligation and liability in respect of the payment of the principal and interest of the \$12,000,000, principal amount, of the Cleveland Union Terminals Company's first-mortgage sinking-fund gold bonds, hereinbefore authorized to be issued, by entering into an agreement dated December 8, 1921, with the Cleveland Union Terminals Company for the joint use and operation of the terminal station, railroad, and facilities to be constructed by it at Cleveland, Ohio, and by indorsing upon each of said bonds their joint and several and unconditional guaranty of the payment of such principal and interest, in the form set forth in the application.

It is further ordered, That, except as herein authorized, said common capital stock and said first-mortgage bonds shall not be sold, pledged, repledged, or otherwise disposed of by the Cleveland Union Terminals Company, unless and until so ordered by this commission.

It is further ordered, That, within 10 days after the execution and delivery thereof, the Cleveland Union Terminals Company shall file with this commission a verified copy of said proposed first mortgage in the form in which executed.

It is further ordered, That the Cleveland Union Terminals Company shall file with this commission (1) within 10 days thereafter, respectively, reports showing all pertinent facts relating to the issue and sale of said common capital stock and (2) for the period ending December 31, 1922, and for each six months' period thereafter, within 30 days after the close of such period, reports showing all pertinent facts relating to the use of the proceeds therefrom, and continue to file such reports until all of said proceeds shall have been used; said reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Cleveland Union Terminals Company shall file with this commission (1) within 10 days thereafter, respectively, reports showing all pertinent facts relating to the issue and sale of said first-mortgage bonds, including discount thereon, if any, and the account or accounts charged therewith; and (2) within 30 days after December 31, 1922, and each six months' period thereafter, until all of the proceeds thereof shall have been actually expended, reports showing all pertinent facts relating to the use of said proceeds; said reports to be accompanied by copies of the authorities for expenditure of all or any part of said proceeds, showing the projects and the amounts to be expended therefor; said reports and copies of authorities for expenditure to be verified by the oath of an executive officer having knowledge of the facts.

It is further ordered, That the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, severally, or any one of them acting for all, shall within 10 days thereafter report to this commission all pertinent facts relating to the assumption of obligation and liability by them in respect of said \$12,000,000 of first-mortgage sinking-fund gold bonds herein authorized to be issued.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said common capital stock, or dividends thereon, or as to said first-mortgage bonds, or interest thereon, on the part of the United States.

have agreed to subscribe \$6,000 per mile of road completed. The applicant will issue to these municipalities stock at par and will receive aid bonds in lieu thereof. These bonds will be sold at par and the proceeds paid to the construction company. The applicant further states that if any part of the remainder of the stock can be sold by it to investors along the line of the railway at a price above par, such sale will be made and the remainder of \$9,000 per mile will be paid to the construction company in cash and stock at par.

The applicant has not yet taken any steps to amend its charter so that it may issue stock in excess of \$100,000, but it represents that if and when it has received authority from us to issue capital stock in the amount of \$1,400,000 it will immediately proceed to secure an amendment of its charter in conformity with the State law, authorizing the increased capitalization. The Kansas commission is on record in this proceeding as unqualifiedly approving the project.

We find that the proposed issue of capital stock by the applicant in connection with the construction of its railway (*a*) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (*b*) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to, and made a part hereof:

It is ordered, That, for the purpose of constructing approximately 93 miles of railroad, extending in a westerly direction from Liberal, Kans., the Kansas & Oklahoma Railway Company be, and it is hereby, authorized to issue not to exceed 14,000 shares (not over 150 shares for each mile of completed railroad) of its common capital stock, of the par value of \$100 per share, as follows, (1) by delivering to municipalities along the line of the proposed railway not to exceed 60 shares of said stock for each mile of road, in exchange for municipal aid bonds, \$100 in bonds to be given for each share of stock; (2) by selling any or all of the remainder of the stock at not less than par; and (3) by delivering to the Liberal Construction Company said municipal aid bonds at their face value, or their cash equivalent, and said stock at par, or its cash equivalent, on a

basis aggregating not to exceed \$15,000 for each mile of line completed by said construction company: *Provided, however,* That unless and until applicant shall have amended its charter so as to provide for this additional capitalization in conformity with the laws of the State of Kansas, no shares of stock shall be issued under the terms of the authority herein contained.

It is further ordered, That except as herein authorized to be issued, said stock shall not be issued, sold, or otherwise disposed of by the applicant, unless and until so authorized by this commission.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the sale or delivery of said stock, and for the period ended June 30, 1922, and for each six months' period thereafter, within 30 days after the close of such period, report to this commission all pertinent facts relating to the construction of its railroad; such reports to be signed and verified by an executive officer of the applicant having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

71 I. C. C.

FINANCE DOCKET No. 2354.

IN THE MATTER OF THE JOINT APPLICATION OF THE CLEVELAND UNION TERMINALS COMPANY FOR AUTHORITY TO ISSUE STOCK AND BONDS, AND OF THE NEW YORK CENTRAL RAILROAD COMPANY AND OTHERS FOR AUTHORITY TO ASSUME LIABILITY AS GUARANTORS.

Submitted May 23, 1922. Decided June 9, 1922.

1. Authority granted to the Cleveland Union Terminals Company to issue not exceeding \$10,000 of common capital stock, consisting of 100 shares of the par value of \$100 each; said stock to be sold at not less than par for cash, and the proceeds used for capital purposes. .
2. Authority granted to the Cleveland Union Terminals Company to issue not exceeding \$12,000,000 of 5½ per cent first-mortgage sinking-fund gold bonds, series A; said bonds to be sold at not less than 92½ per cent of par and accrued interest, and the proceeds used for capital purposes.
3. Authority granted to the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company to assume joint and several obligation and liability, as guarantors, in respect of the aforesaid bonds.

Charles W. Stage and *W. A. Colston* for the Cleveland Union Terminals Company.

F. J. Jerome for the New York Central Railroad Company and the Cleveland, Cincinnati, Chicago & St. Louis Railway Company.

C. C. Collister and *W. A. Colston* for the New York, Chicago & St. Louis Railroad Company.

Peter Witt in his own behalf.

Harrison W. Ewing in his own behalf.

R. J. Page in his own behalf.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Cleveland Union Terminals Company, hereinafter called the terminals company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, and the New York Central Railroad Company, the Cleveland, Cincinnati, Chicago & St. Louis Railway Company, and the New York, Chicago & St. Louis Railroad Company, hereinafter called the proprietary companies, common carriers by railroad engaged in interstate commerce, have filed a joint application under section 20a of the interstate commerce act, in which the terminals

company asks authority to issue 100 shares of common capital stock of the par value of \$100 each, and \$12,000,000 of its first-mortgage sinking-fund gold bonds, series A, for capital purposes, and in which the proprietary companies, each for itself, ask for authority to assume obligation and liability jointly and severally, as guarantors, in respect of the payment of the principal and interest of said bonds. Various protests having been filed, a hearing was held at Cleveland, Ohio.

The terminals company is a corporation organized under the laws of the State of Ohio for the purpose, among others, of purchasing or leasing depot grounds, and locating, constructing, and maintaining a union passenger and freight depot, and terminal and connecting tracks for the use of steam and electric railroads; and for constructing, maintaining, and operating in connection therewith a terminal railroad in the city of Cleveland, Ohio. It has an authorized capital stock of \$10,000, consisting of 100 shares of the par value of \$100 each, which has been sold, and will be delivered, at par for cash to the proprietary companies, pursuant to an agreement dated December 8, 1921, between the applicant parties, and the proceeds used for corporate capital purposes as stated in the application. A copy of the agreement is filed in this proceeding.

By our certificate and order dated December 6, 1921, in *The Cleveland Passenger Terminal Case*, 70 I. C. C., 659, we certified that the present and future public convenience and necessity require, and will require, the construction and operation of a terminal station and a line of railroad constituting the approaches thereto, in the city of Cleveland, Ohio, as described in the report attached thereto and the applications for such certificate. By that certificate and order we approved and authorized the acquisition by the proprietary companies of control of the terminals company by purchase of its capital stock; and authorized the proprietary companies to construct and operate the line of railroad and terminal station, by and through control of, and contract with, the terminals company, as proposed and described in the said report and applications. As a condition of the authorization we provided that nothing therein should be taken as a finding, either express or implied, as to the amount or character of any securities to be issued or in respect of which any liability or obligation was to be assumed, in connection with the carrying out of the provisions of the contract.

The estimate of costs of the acquisition of lands for, and construction of, the proposed terminal station, railroad, and facilities set forth in the application shows the following totals:

Engineering	\$1, 625, 654. 00
Land for transportation purposes.....	18, 100, 314. 84
Land (construction chargeable to land)	622, 000. 00

FINANCE DOCKET No. 465.

IN THE MATTER OF SETTLEMENT WITH THE FLINT RIVER & NORTHEASTERN RAILROAD COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 25, 1922. Decided June 10, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Flint River & Northeastern Railroad Company ascertained to be \$5,238.91. An amount of \$4,000 having been certified as a partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$1,238.91. Certificate issued.

C. B. Gwyn for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Flint River & Northeastern Railroad Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Georgia. Its line of railroad connects with the Atlantic Coast Line Railroad at Pelham, Ga., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that

there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$5,238.91, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$1, 981. 51
One-half amount of annual net railway operating income for the test period	7, 633. 85
Decrease in compensation under section 4 of the Federal control act	56. 65
Total amount claimed.....	<u>5, 595. 69</u>

Adjustments:

Net railway operating income for the guaranty period as claimed	\$1, 981. 51
Net railway operating income for the guaranty period as determined by us.....	2, 385. 53
Deduction for guaranty period.....	404. 02
Net railway operating income for the test period, as claimed	\$7, 633. 85
Net railway operating income for the test period as determined by us	7, 624. 44
Deduction for test period.....	9. 41
Amount of decrease claimed under section 4 of the Federal control act	\$56. 65
Allowance under section 4 of the Federal control act..	none.
Addition under section 4	56. 65
Net deductions	<u>356. 78</u>

Amount necessary to make good the guaranty..... 5, 238. 91

A certificate in the amount of \$4,000 for a partial payment under paragraph (g) of section 209, as amended by section 212, was issued by us in favor of the carrier on July 5, 1921. The amount still due the carrier, therefore, is \$1,238.91, for which an appropriate certificate will be issued.

Certificate No. A-649 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Flint River & Northeastern Railroad Company, a corporation of the State of Georgia, herein-

after called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$5,238.91 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$4,000 under certificate No. 544, dated July 5, 1921.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$1,238.91.

5. The commission has made final determination as aforesaid of the amount of the guaranty provided for by said section 209.

Dated this 10th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 880.

IN THE MATTER OF SETTLEMENT WITH THE WATERVILLE RAILWAY COMPANY UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted February 4, 1922. Decided June 10, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Waterville Railway Company ascertained to be \$938.59. Certificate issued.

R. C. Brennesholtz for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Waterville Railway Company, hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Washington. Its line of railroad connects with the Great Northern Railway at Douglas, Wash., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period under a proper system of accounting.

As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$938.59, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$1, 687. 52
One-half amount of annual railway operating income for test period	1, 719. 38
Total amount claimed	<u>3, 406. 90</u>

Adjustments:

Net deficit in railway operating income for the guaranty period as claimed	\$1, 687. 52
Net deficit in railway operating income for the guaranty period as determined by us	87. 19
Deduction for guaranty period	1, 600. 33
One-half amount of annual railway operating income test period as claimed	1, 719. 38
One-half amount of annual railway operating income test period as determined by us	851. 40
Deduction for test period	867. 98
Total deductions	<u>2, 468. 31</u>

Amount necessary to make good the guaranty	<u>938. 59</u>
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No certificates have been issued by us in favor of the carrier for advances under paragraph (h) or for partial payments under paragraph (g) of section 209, as amended by section 212. The amount due the carrier, therefore, is \$938.59, for which an appropriate certificate will be issued.

Certificate No. A-650 under Section 209 (g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Waterville Railway Company, a corporation of the State of Washington, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$938.59 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by section 209 of the transportation act, 1920.

Dated this 10th day of June, 1922.

FINANCE DOCKET No. 1550.

IN THE MATTER OF SETTLEMENT WITH THE ARIZONA
& SWANSEA RAILROAD COMPANY UNDER SECTION
204 OF THE TRANSPORTATION ACT, 1920.

Submitted August 8, 1921. Decided June 10, 1922.

1. The Arizona & Swansea Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Arizona & Swansea Railroad Company under the provisions of section 204 is ascertained to be \$15,296.34, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

A. W. Mitchell for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Arizona & Swansea Railroad Company, a corporation of the State of Arizona, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Bouse, Ariz., and Swansea, Ariz., a distance of approximately 21 miles, its line connecting at Bouse with the Atchison, Topeka & Santa Fe Railway, a line of railway or system of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 21, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 22, 1918, to February 29, 1920, inclusive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$32,309.27. Our examination of the accounts for the period from June 22, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$34,754.71 before making the adjustments under the provisions of

paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$19,458.37 of the maintenance expenditures during the period in question. In the course of examination the fact was disclosed that the carrier's traffic is very largely that furnished by the Clara Consolidated Gold & Copper Mining Company. The mines of the company were shut down for a portion of the test period and also during the Federal control period, from February 4 to December 10, 1919. This cessation of operations and consequent decreased use of the railway property is responsible for the relatively large amount deducted for overmaintenance.

We therefore find a net credit of \$15,296.34 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept this amount in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-104 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Arizona & Swansea Railroad Company, hereinafter termed the carrier, is a corporation of the State of Arizona, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$15,296.34.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 10th day of June, 1922.

71 L. C. C.

FINANCE DOCKET No. 456.

IN THE MATTER OF SETTLEMENT WITH THE EL PASO
& SOUTHWESTERN COMPANY UNDER SECTION 209 OF
THE TRANSPORTATION ACT, 1920.

Submitted January 4, 1922. Decided June 12, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the El Paso & Southwestern Company ascertained to be \$1,191,408.32. An amount of \$500,000 having been certified as partial payment under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$691,408.32. Certificate issued.

Edgar E. Clark and H. J. Simmons for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, AND POTTER.

BY DIVISION 4:

The El Paso & Southwestern Company, hereinafter termed the carrier, is a steam-railroad company, which during the guaranty period engaged as a common carrier in general transportation in the States of New Mexico, Arizona, and Texas. Its line of railroad was under Federal control from January 1, 1918, to February 29, 1920, inclusive, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 13, 1920.

The returns of the carrier under our orders of January 5, 1921, and December 15, 1921, together with supplemental statements and data supplied by it, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street railways or interurbans not under Federal control at the termination thereof. In fixing the amounts to be allowed for maintenance in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and the carrier. In arriving at the amount fixed for maintenance we have included certain reserves set up on the carrier's books for the purpose of carrying out an antecedently determined

maintenance program, which was actually effected but which was not completed during the guaranty period due to physical difficulties. Commitments and expenditures were actually made, however, during the guaranty period relating to such program.

It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting.

An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$1,191,408.32, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period.....	\$1, 272, 855. 40
Estimates or reserves for maintenance set up on carrier's books during guaranty period, subsequently written off, and which are now claimed.....	515, 054. 26
One-half amount of annual compensation under Federal control act named in contract.....	2, 070, 828. 42
Increase in compensation under section 4 of the Federal control act.....	72, 872. 96
Total amount claimed.....	<u>1, 385, 898. 24</u>

Adjustments:

Amount claimed under section 4 of the Federal control act.....	\$72, 872. 96
Allowance under section 4 of Federal control act.....	72, 776. 43
Deduction under section 4.....	96. 53
Amount claimed for maintenance of way and structures and maintenance of equipment..	\$2, 499, 672. 94
Reserves, as above added.....	515, 054. 26
Amount fixed for maintenance of way and structures and maintenance of equipment..	2, 868, 333. 81
Deduction for maintenance.....	146, 393. 89
Deduction of unaudited items claimed by the carrier but not allowed by us under section 212 (b) of the transportation act, 1920, exclusive of maintenance items.....	48, 000. 00
Total deduction.....	<u>194, 489. 92</u>
Amount necessary to make good the guaranty.....	<u>1, 191, 408. 32</u>
	71 I. C. C.

A certificate for a partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$500,000 was issued by us in favor of the carrier on March 20, 1922. The amount still due the carrier is, therefore, \$691,408.32, for which an appropriate certificate will be issued.

Certificate No. A-652 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the El Paso & Southwestern Company, a corporation of the State of New Jersey, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$1,191,408.32 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$500,000 under certificate No. A-619, dated March 20, 1922.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$691,408.32.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by said section 209.

Dated this 12th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 1207.

IN THE MATTER OF THE APPLICATION OF THE UINTAH
RAILWAY COMPANY FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY.

Approved June 12, 1922.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

SUPPLEMENTAL ORDER.¹

It appearing, That on May 13, 1921, said division issued its report and certificate in the above-entitled proceeding, in which certificate it was provided that construction of the line of railroad therein authorized should be commenced on or before July 1, 1922, and completed on or before December 31, 1923, and that the applicant should have permission to retain the excess earnings of said line of railroad for a period ending not later than December 31, 1934;

It further appearing, That said applicant has found it inadvisable to undertake construction of said line of railroad at this time so as to complete it within the period prescribed in said certificate and requests that the time limit therein be extended for one year:

It is ordered, That the time within which said Uintah Railway Company may complete said line of railroad and place it in operation be, and it is hereby, extended to December 31, 1925.

It is further ordered, That the period prescribed in said certificate within which said Uintah Railway Company may retain the excess earnings of said line of railroad be, and it is hereby, extended so as to terminate not later than December 31, 1935.

¹ See 67 I. C. C., 612.

FINANCE DOCKET No. 1496.

IN THE MATTER OF THE APPLICATION OF THE GULF
& NORTHERN RAILWAY COMPANY FOR AUTHORITY
TO ISSUE BONDS.

Submitted May 27, 1922. Decided June 12, 1922.

Authority granted to issue not exceeding \$326,000 of first-mortgage 5 per cent gold bonds; said bonds to be delivered to the Atchison, Topeka & Santa Fe Railway Company at par in satisfaction of a like amount of indebtedness of the applicant to that company.

Frank Andrews for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Gulf & Northern Railway Company, a common carrier by railroad engaged in interstate commerce, has duly applied for authority under section 20a of the interstate commerce act to issue \$326,802.64 of its first-mortgage 5 per cent gold bonds, by delivering them to the Atchison, Topeka & Santa Fe Railway Company, hereinafter called the Santa Fe, in satisfaction of indebtedness of the applicant to that company. No objection to the granting of the application has been presented to us.

By an agreement dated September 8, 1917, between the Santa Fe and B. F. Bonner, the Santa Fe agreed to assist in financing construction of a line by a railway company to be organized by Bonner. In accordance with this agreement, the applicant was incorporated under the laws of Texas in September, 1917, and the Santa Fe furnished most of the cash, material, and labor for the construction of the applicant's line extending northward from Newton to Wiergate, Tex., a distance of about 14.8 miles. These items aggregate \$307,773.80. The interest accruing to the close of the construction period, July 1, 1919, amounted to \$19,028.84, making a total indebtedness to the Santa Fe of \$326,802.64.

The agreement also provides for the sale of first-mortgage bonds of the applicant to the Santa Fe at par in an amount sufficient to pay for the construction of the railroad. These bonds are to be issued under a first mortgage dated January 1, 1918, made by the applicant to the Continental & Commercial Trust & Savings Bank of Chicago, Ill., providing for the issue of not exceeding \$80,000 of bonds per mile of road.

The investment in road and equipment, not including \$19,028.84, interest accrued during the construction period, is \$319,130.50. The authorized capital stock of the applicant is \$25,000, of which \$15,000 is now outstanding.

We find that the proposed issue of not exceeding \$326,000 of first-mortgage bonds by the applicant as aforesaid (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Gulf & Northern Railway Company be, and it is hereby, authorized to issue not exceeding \$326,000, principal amount, of first-mortgage gold bonds under and pursuant to, and to be secured by, the first mortgage dated January 1, 1918, made by the applicant to the Continental & Commercial Trust & Savings Bank, of Chicago, Ill., trustee; said bonds to be dated January 1, 1918, to bear interest at the rate of 5 per cent per annum, payable semiannually on January 1 and July 1 in each year, and to mature January 1, 1943; said bonds to be delivered to the Atchison, Topeka & Santa Fe Railway Company at par in satisfaction of a like amount of the applicant's indebtedness to that company for advances for construction purposes, as set forth in the application.

It is further ordered, That, except as herein authorized, said bonds shall not be sold, pledged, repledged, or otherwise disposed of by the applicant, unless and until so ordered by this commission.

It is further ordered, That the applicant shall, within 30 days after the date of this order, file with this commission a certified copy of said first mortgage in the form in which executed.

It is further ordered, That the applicant shall, within 10 days thereafter, report to this commission all pertinent facts relating to the issue and delivery of said bonds, such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said bonds, or interest thereon, on the part of the United States.

FINANCE DOCKET No. 2333.

IN THE MATTER OF THE APPLICATION OF THE TUCKASEEGEE & SOUTHEASTERN RAILWAY COMPANY FOR AUTHORITY TO ISSUE CAPITAL STOCK.

Submitted June 3, 1922. Decided June 12, 1922.

Authority granted to issue \$300,000 of capital stock, consisting of 3,000 shares of the par value of \$100 each, for the purpose of acquiring a certain line of railroad.

George H. Parker for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER AND POTTER.

BY DIVISION 4:

The Tuckaseegee & Southeastern Railway Company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, has duly applied for authority under section 20a of that act to issue \$300,000 of capital stock. No objection to the granting of the application has been presented to us.

By our order of June 7, 1922, in *Public-Convenience Certificate to T. & S. E. Ry.*, 71 I. C. C., 818, a certificate of public convenience and necessity was issued authorizing the applicant to acquire and operate the line of railroad, 12.26 miles long, extending from Sylva to Blackwood, N. C. The cost of constructing this line was \$319,581.69, and the applicant proposes to issue, at par, its entire authorized capital stock, namely, \$300,000, for the purpose of acquiring it.

We find that the proposed issue of capital stock by the applicant (a) is for a lawful object within its corporate purposes, and compatible with the public interest, which is necessary and appropriate for and consistent with the proper performance by it of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) is reasonably necessary and appropriate for such purpose.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and con-

clusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That, for the purpose of acquiring the line of railroad described in the application and aforesaid report, the Tuckasegee & Southeastern Railway Company be, and it is hereby, authorized to issue, at par, not exceeding \$300,000 of capital stock, consisting of 3,000 shares of the par value of \$100 each; the certificates representing said shares to be in substantially the same form submitted with the application.

It is further ordered, That, except as herein authorized, said stock shall not be sold, pledged, repledged, or otherwise disposed of, unless and until so ordered by this commission.

It is further ordered, That, within 10 days thereafter, the applicant shall report to this commission all pertinent facts relating to the issue of said stock; such report to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to said stock, or dividends thereon, on the part of the United States.

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FINANCE DOCKET No. 149.

IN THE MATTER OF SETTLEMENT WITH THE JEFFERSON & NORTHWESTERN RAILWAY COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 12, 1920. Decided June 13, 1922.

1. The Jefferson & Northwestern Railway Company is subject to section 204 of the transportation act, 1920.
2. Amount under section 204 of the transportation act, 1920, payable to the Jefferson & Northwestern Railway Company ascertained to be \$64,983.55. An amount of \$60,000 having been certified as partial payment under paragraph (g) of said section, the remaining amount due the carrier is \$4,983.55, from which there is an amount of \$4,256.09 deductible as due the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. Certificate issued.

F. I. Clark for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Jefferson & Northwestern Railway Company, a corporation of the State of Texas, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Jefferson and Marietta, Tex., a distance of approximately 42 miles, its line connecting at Jefferson, Tex., with the Texas & Pacific Railway and Missouri, Kansas & Texas Railway of Texas, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 24, 1918, inclusive, and is subject to the provisions of section 204 for the period from June 25, 1918, to February 29, 1920, inclusive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$78,308.14. Our examination of the accounts for the period from June 25, 1918, to February 29, 1920, inclusive, shows the net credit to the carrier for that period

maintenance program, which was actually effected but which was not completed during the guaranty period due to physical difficulties. Commitments and expenditures were actually made, however, during the guaranty period relating to such program.

It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period, under a proper system of accounting.

An estimate of the net effect of unaudited items has been made and agreed to under the provisions of paragraph (b) of section 212 of the transportation act, 1920. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$1,191,408.32, as shown by the following statement:

Basis of claim:

Net railway operating income for the guaranty period-----	\$1,272,855.40
Estimates or reserves for maintenance set up on carrier's books during guaranty period, subsequently written off, and which are now claimed-----	515,054.26
One-half amount of annual compensation under Federal control act named in contract-----	2,070,826.42
Increase in compensation under section 4 of the Federal control act-----	72,872.96
Total amount claimed-----	<u>1,385,898.24</u>

Adjustments:

Amount claimed under section 4 of the Federal control act-----	\$72,872.96
Allowance under section 4 of Federal control act-----	72,776.43
Deduction under section 4-----	96.53
Amount claimed for maintenance of way and structures and maintenance of equipment..	\$2,499,672.94
Reserves, as above added-----	515,054.26
Amount fixed for maintenance of way and structures and maintenance of equipment..	2,868,333.81
Deduction for maintenance-----	146,398.89
Deduction of unaudited items claimed by the carrier but not allowed by us under section 212 (b) of the transportation act, 1920, exclusive of maintenance items-----	48,000.00
Total deduction-----	<u>194,489.92</u>

Amount necessary to make good the guaranty-----	1,191,408.32
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A certificate for a partial payment under paragraph (g) of section 209, as amended by section 212, in the amount of \$500,000 was issued by us in favor of the carrier on March 20, 1922. The amount still due the carrier is, therefore, \$691,408.32, for which an appropriate certificate will be issued.

Certificate No. A-652 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the El Paso & Southwestern Company, a corporation of the State of New Jersey, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$1,191,408.32 is the amount necessary to make good to said carrier the guaranty provided by section 209 of the transportation act, 1920.

3. The commission has heretofore certified to the Secretary of the Treasury as a partial payment under paragraph (g) of said section, as amended by section 212 of said act, an amount of \$500,000 under certificate No. A-619, dated March 20, 1922.

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of partial payment heretofore certified as aforesaid, is \$691,408.32.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by said section 209.

Dated this 12th day of June, 1922.

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applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We therefore find a net credit of \$2,730.98 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept this amount in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-108 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Lawndale Railway & Industrial Company, hereinafter termed the carrier, is a corporation of the State of North Carolina, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$2,730.98.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 13th day of June, 1922.

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FINANCE DOCKET No. 199.

IN THE MATTER OF SETTLEMENT WITH THE OCEAN SHORE RAILROAD COMPANY UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 14, 1920. Decided June 13, 1922.

1. The Ocean Shore Railroad Company is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Ocean Shore Railroad Company under the provisions of section 204 is ascertained to be \$63,322.30, from which no amount is deductible as due to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

J. W. Crosby for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Ocean Shore Railroad Company, a corporation of the State of California, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between San Francisco and Tunitas, Calif., and between Santa Cruz and Swanton, Calif., a total distance of 53.63 miles, its lines connecting at San Francisco with the Atchison, Topeka & Santa Fe, Western Pacific, Northwestern Pacific, and Southern Pacific, and at Santa Cruz with the Southern Pacific, lines of railway or systems of transportation under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclusive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$36,371.50. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, shows the net credit to the carrier for that period to be \$63,322.30 before making the adjustments under the provisions of

paragraph (f) of section 209, required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we have fixed the maintenance allowance at the amount charged by the carrier during the period in question.

We, therefore, find a net credit of \$63,322.30 due the carrier in reimbursement of deficits during Federal control, from which no amount is deductible as due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept this amount in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-105 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Ocean Shore Railroad Company, hereinafter termed the carrier, is a corporation of the State of California, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the amount payable to the carrier is \$63,322.30.

2. The commission also certifies that there is nothing due from the carrier to the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness.

Dated this 13th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 206.

IN THE MATTER OF SETTLEMENT WITH THE PARIS & MOUNT PLEASANT RAILROAD COMPANY (R. W. WORTHAM, RECEIVER) UNDER SECTION 204 OF THE TRANSPORTATION ACT, 1920.

Submitted October 13, 1920. Decided June 13, 1922.

1. The Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), is subject to section 204 of the transportation act, 1920.
2. The amount payable to the Paris & Mount Pleasant Railroad Company under the provisions of section 204 is ascertained to be \$81,748.47. An amount of \$80,000 having been certified for partial payment under paragraph (g) of said section, the amount still payable to the carrier is \$1,748.47, which will be certified in partial liquidation of an amount of \$57,117.55 due the President (as operator of the transportation systems under Federal control) on account of traffic balances or other indebtedness. Certificate issued.

R. W. Wortham for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), a corporation of the State of Texas, hereinafter termed the carrier, is a steam-railroad company which, during the Federal control period, engaged as a common carrier in general transportation, operating between Paris, Tex., and Mount Pleasant, Tex., its line connecting at Paris with the Texas Midland Railroad, Texas & Pacific Railway, Gulf, Colorado & Santa Fe Railway, and Paris & Great Northern Railroad, and at Mount Pleasant with the St. Louis Southwestern Railway, lines of railway under Federal control. It sustained a deficit in its railway operating income while under private operation in the Federal control period. It is, therefore, a carrier within the meaning of paragraph (a) of section 204 of the transportation act, 1920.

The carrier was under Federal control from January 1, 1918, to June 30, 1918, inclusive, and is subject to the provisions of section 204 for the period from July 1, 1918, to February 29, 1920, inclu-

sive. The return of the carrier under our circular of March 4, 1920, indicated a net credit to the carrier for the period from January 1, 1918, to February 29, 1920, inclusive, of \$99,237.76. Our examination of the accounts for the period from July 1, 1918, to February 29, 1920, inclusive, shows the net credit to the carrier for that period to be \$89,891.45 before making the adjustments under the provisions of paragraph (f) of section 209 required by paragraph (b) of section 204.

Consideration has been given by us to the allowance for maintenance of way and structures and maintenance of equipment, and applying, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the director general and the carriers under Federal control, we find it necessary to disallow \$8,142.98 of the maintenance expenditures during the period in question.

On July 8, 1921, the commission issued its certificate No. B-62 for a partial payment to the carrier in the sum of \$80,000, which certificate stated that the amount of \$139,540.04 was due to the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The remaining amount due the carrier under section 204 is ascertained to be \$1,748.47, which will be certified in partial liquidation of an amount of \$57,117.55 still due the President, as operator of the transportation systems under Federal control, on account of traffic balances or other indebtedness. The carrier has expressed its willingness to accept the amount thus determined by us in final settlement of all its claims against the United States under section 204.

An appropriate certificate will be issued.

Certificate No. B-107 under Section 204(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter termed the commission, hereby certifies that the Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), hereinafter termed the carrier, is a corporation of the State of Texas, and is a carrier as defined in section 204 of the transportation act, 1920. The commission further certifies that under the provisions of paragraphs (f) and (g) of said section 204 the whole amount payable to the carrier is \$81,748.37.

2. The commission also certifies that the amount due from the carrier to the President (as operator of the transportation systems

under Federal control) on account of traffic balances or other indebtedness is \$57,117.55.

3. The commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204, is \$1,748.47, which is subject to partial liquidation as hereinabove indicated of the amount due from the carrier to the President, as operator of transportation systems under Federal control.

Dated this 13th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 731.

IN THE MATTER OF SETTLEMENT WITH THE PARIS & MOUNT PLEASANT RAILROAD COMPANY (R. W. WORTHAM, RECEIVER) UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 6, 1922. Decided June 13, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), ascertained to be \$81,105.81. An amount of \$50,000 having been certified for payment as advances under paragraph (h), and an aggregate amount of \$25,000 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$6,105.81. Certificate issued.

R. W. Wortham for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Texas. Its line of railroad connects with the Texas & Pacific Railroad at Paris, Tex., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing

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delivery of \$909,000 of bonds issuable thereunder in respect of the terminal company's securities so pledged, and to pledge these bonds, together with \$1,590,000 of its first-mortgage bonds, the issue of which was authorized by our order dated April 3, 1922, in *Bonds of Virginian Railway*, 71 I. C. C., 383, as collateral security for the primary obligations by which the funding of its indebtedness to the Director General of Railroads may be accomplished, as therein set forth.

The bonds of the terminal company are to be dated May 1, 1907, to bear interest at the rate of 5 per cent per annum, payable semi-annually on May 1 and November 1 in each year, and to mature May 1, 1957. Pending the issue of these bonds in definitive form, the terminal company proposes to issue a temporary bond in the amount of \$909,000, substantially of like tenor as the definitive bonds, and to be exchangeable for a like principal amount thereof. The bonds of the Virginian will be dated May 1, 1912, will mature May 1, 1962, and will bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year.

We find that the proposed issue of first-mortgage bonds by the Virginian Terminal Railway Company, and the proposed assumption of obligation and liability, as guarantor, in respect thereof, and issue of first-mortgage bonds by the Virginian Railway Company, as aforesaid, (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the Virginian Railway Company of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Virginian Terminal Railway Company be, and it is hereby, authorized to issue not exceeding \$909,000, principal amount, of first-mortgage 50-year gold bonds, under and pursuant to, and to be secured by, its first mortgage dated May 1, 1907, to the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee; said bonds to be dated May 1, 1907, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature

May 1, 1957; said bonds to be delivered to the Virginian Railway Company at par for the purpose stated in said report.

It is further ordered, That, pending the preparation of said bonds in definitive form, the Virginian Terminal Railway Company be, and it is hereby, authorized to issue a temporary bond in a principal amount not exceeding \$909,000 under and pursuant to, and to be secured by, said mortgage, to be substantially of like tenor as said definitive bonds, and to be exchanged therefor when said bonds are ready for delivery.

It is further ordered, That the Virginian Railway Company be, and it is hereby, authorized (1) to assume obligation and liability, as guarantor, in respect of the payment of the principal and interest of not exceeding \$909,000 of the Virginian Terminal Railway Company's first-mortgage gold bonds, the issue of which is hereinbefore authorized, by indorsing upon each of said definitive bonds and, pending the preparation of said bonds, upon said temporary bond, its guaranty of the payment of such principal and interest, in the form set forth in the application; and (2) to pledge said bonds with the trustee under the first mortgage of said Virginian Railway Company, as set forth in the application.

It is further ordered, That the Virginian Railway Company be, and it is hereby, authorized to issue not exceeding \$909,000, principal amount, of first-mortgage 50-year gold bonds, under and pursuant to, and to be secured by, its first mortgage dated May 1, 1912, to the Farmers' Loan & Trust Company, of New York, trustee; said bonds to be dated May 1, 1912, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature May 1, 1962; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of said Virginian Railway Company's indebtedness to the United States for additions and betterments made to its property during the period of Federal control, as set forth in the application.

It is further ordered, That, except as herein authorized to be issued and pledged, none of said bonds shall be sold, pledged, replighted, or otherwise disposed of by the applicants, or either of them, unless and until so ordered by this commission.

It is further ordered, That the Virginian Terminal Company shall report to this commission, within 10 days thereafter, respectively, all pertinent facts relating to the issue of bonds by it to the Virginian Railway Company, as herein authorized; such reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Virginian Railway Company shall report to this commission, within 10 days thereafter, respectively, all

under Federal control) on account of traffic balances or other indebtedness is \$57,117.55.

3. The commission hereby certifies that the amount now payable to the said carrier, in addition to any other sum or sums previously certified under said section 204, is \$1,748.47, which is subject to partial liquidation as hereinabove indicated of the amount due from the carrier to the President, as operator of transportation systems under Federal control.

Dated this 13th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 731.

IN THE MATTER OF SETTLEMENT WITH THE PARIS & MOUNT PLEASANT RAILROAD COMPANY (R. W. WORTHAM, RECEIVER) UNDER SECTION 209 OF THE TRANSPORTATION ACT, 1920.

Submitted March 6, 1922. Decided June 13, 1922.

Amount necessary to make good the guaranty of section 209 of the transportation act, 1920, to the Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), ascertained to be \$81,105.81. An amount of \$50,000 having been certified for payment as advances under paragraph (h), and an aggregate amount of \$25,000 having been certified as partial payments under paragraph (g) of said section, as amended by section 212, the amount to be certified in final settlement with said company is \$6,105.81. Certificate issued.

R. W. Wortham for the carrier.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), hereinafter termed the carrier, is a carrier by steam railroad, which has heretofore engaged as a common carrier in general transportation in the State of Texas. Its line of railroad connects with the Texas & Pacific Railroad at Paris, Tex., which latter road was under Federal control at the termination thereof, and it is, therefore, a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920. The carrier filed with us a written statement accepting the provisions of section 209 on March 12, 1920.

The returns of the carrier under our orders of October 18, 1920, January 5, 1921, and December 15, 1921, together with supplemental data, have been examined and it has been ascertained that the debits and credits arising from the accounts called in the monthly reports to us "equipment rents" and "joint facility rents" have been included, and that there are included no debits or credits arising from the operation of street electric passenger railways or interurbans not under Federal control at the termination thereof. In fixing

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the amount to be allowed for maintenance of way and structures and maintenance of equipment in the guaranty period we applied, so far as practicable, the rule set forth in the proviso of paragraph (a) of section 5 of the standard contract between the United States and carriers under Federal control. It has also been ascertained that there were not included any so-called war taxes in arriving at the net railway operating income or deficit for either the test period or the guaranty period and that there are no eliminations necessary due to disproportionate or unreasonable charges, or charges attributable to another period. As a result of our investigation it has been ascertained that the amount necessary to make good the guaranty to the carrier is \$81,105.81, as shown by the following statement:

Basis of claim:

Net deficit in railway operating income for the guaranty period	\$118, 806. 98
One-half amount of annual net railway operating income for the test period.....	16, 287. 54
Total amount claimed.....	<u>135, 094. 52</u>

Adjustments:

Net deficit in railway operating income for the guaranty period as claimed.....	\$118, 806. 98
Net deficit in railway operating income for the guaranty period as determined by us.....	114, 740. 58
Deduction for guaranty period.....	4, 066. 40
Amount claimed for maintenance of way and structures and for maintenance of equipment..	\$83, 389. 42
Amount fixed for maintenance of way and structures and for maintenance of equipment.....	33, 467. 11
Deduction for maintenance.....	49, 922. 31
Total deductions.....	<u>53, 988. 71</u>

Amount necessary to make good the guaranty..... 81, 105. 81

Certificates for advances under paragraph (h) and for partial payments under paragraph (g) of section 209, as amended by section 212, have been issued by us in favor of the carrier on the dates and in the amounts as follows:

Advances, Aug. 7, 1920.....	\$50, 000
Partial payments, May 7, 1921.....	20, 000
Partial payments, Aug. 9, 1921.....	5, 000

The amount still due the carrier, therefore, is \$6,105.81, for which an appropriate certificate will be issued.

Certificate No. A-651 under Section 209(g) of the Transportation Act, 1920.

TO THE SECRETARY OF THE TREASURY OF THE UNITED STATES:

1. The Interstate Commerce Commission, hereinafter called the commission, hereby certifies that the Paris & Mount Pleasant Railroad Company (R. W. Wortham, receiver), a corporation of the State of Texas, hereinafter called the carrier, is a carrier as defined in paragraph (a) of section 209 of the transportation act, 1920; and that the carrier filed with the commission on or before March 15, 1920, a written statement that it accepted all of the provisions of the said section 209.

2. The commission has ascertained and hereby certifies to the Secretary of the Treasury that the amount of \$81,105.81 is the amount necessary to make good to said carrier the guaranty provided by said section.

3. The commission has heretofore certified to the Secretary of the Treasury as an advance to said carrier under section 209(h) an amount of \$50,000 under certificate No. 136, dated August 7, 1920, and certificates were issued for partial payments under section 209(g), as amended by section 212, as follows:

Certificate No. 446, May 7, 1921-----	\$20, 000
Certificate No. 579, Aug. 9, 1921-----	5, 000

4. The commission hereby certifies that the amount necessary to make good to said carrier the guaranty provided by said section 209, in addition to the amount of advance and partial payments heretofore certified, as aforesaid, is \$6,105.81.

5. The commission has made final determination, as aforesaid, of the amount of the guaranty provided for by said section 209.

Dated this 13th day of June, 1922.

71 I. C. C.

FINANCE DOCKET No. 2394.

IN THE MATTER OF THE APPLICATION OF THE VIRGINIAN TERMINAL RAILWAY COMPANY FOR AUTHORITY TO ISSUE BONDS, AND OF THE VIRGINIAN RAILWAY COMPANY TO ASSUME LIABILITY THEREFOR AND TO ISSUE OTHER BONDS.

Submitted June 9, 1922. Decided June 13, 1922.

1. Authority granted to the Virginian Terminal Railway Company to issue not exceeding \$909,000 of 5 per cent first-mortgage 50-year gold bonds; said bonds to be delivered to the Virginian Railway Company in reimbursement of advances made by it to the terminal company.
2. Authority granted to the Virginian Terminal Railway Company to issue a temporary bond in an amount not exceeding \$909,000, pending the preparation of the aforesaid bonds in definitive form.
3. Authority granted to the Virginian Railway Company to assume obligation and liability, as guarantor, in respect of said bonds, and to pledge them with the trustee under its first mortgage dated May 1, 1912.
4. Authority granted to the Virginian Railway Company to issue not exceeding \$909,000 of 5 per cent first-mortgage 50-year gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control.

E. W. Knight for applicants.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, EASTMAN, AND POTTER.

BY DIVISION 4:

The Virginian Terminal Railway Company, hereinafter called the terminal company, a corporation organized for the purpose of engaging in transportation by railroad subject to the interstate commerce act, and the Virginian Railway Company, hereinafter called the Virginian, a common carrier by railroad engaged in interstate commerce, have duly applied for authority under section 20a of that act (1) for the terminal company to issue (a) \$909,000 of its 5 per cent first-mortgage 50-year gold bonds, and (b) pending the preparation of said bonds in definitive form, a temporary bond in an amount not exceeding \$909,000; and (2) for the Virginian (a) to assume obligation and liability, as guarantor, in respect of those bonds, and to pledge them with the Farmers' Loan & Trust

Company, trustee under the Virginian's first mortgage dated May 1, 1912, and (b) to issue not exceeding \$909,000 of its 5 per cent first-mortgage 50-year gold bonds. No objection to the granting of the application has been presented to us.

The Virginian, which owns all the capital stock, except shares qualifying directors, and all the bonds of the terminal company, operates the properties of the latter under a 99-year lease executed May 1, 1913. By the terms of the lease, a copy of which was filed with the application, the terminal company is required to provide, and pay the cost of, such additions and betterments as may reasonably be required by the lessee.

The first mortgage dated May 1, 1907, made by the terminal company to the Central Trust Company of New York (now the Central Union Trust Company of New York), authorizes a total issue of not exceeding \$10,000,000 of bonds. The Virginian is a party to this mortgage and thereby, pursuant to a previous agreement between the two companies, obligated itself to guarantee the prompt and punctual payment of the principal and interest of all bonds issued thereunder. By the terms of the mortgage, \$9,500,000 of the bonds are reserved for the purpose of acquiring additional property or for making improvements and betterments upon property subject to the lien of the mortgage. Of the bonds so reserved, the terminal company has heretofore issued \$2,500,000.

Under the provisions of its mortgage dated May 1, 1912, made to the Farmers' Loan & Trust Company, the Virginian covenants to acquire and pledge thereunder all stock, bonds, or other securities of the terminal company issued after the date of the mortgage, and is entitled to have bonds authenticated and delivered to it in a face amount equal to the cost at par of such securities of the terminal company as it may so acquire and pledge.

The terminal company represents that between May 1, 1907, and October 31, 1921, additions and betterments to its property, required by the Virginian, were made at a cost of \$909,395.09 and paid for out of funds advanced by the latter. The terminal company proposes to procure authentication and delivery of \$909,000 of its first-mortgage bonds in respect of these expenditures and to deliver them to the Virginian in payment and satisfaction of an amount of its indebtedness equal to the principal amount of the bonds.

The Virginian proposes to assume obligation and liability in respect of the payment of the principal and interest of the bonds to be issued by the terminal company by indorsing thereon its guaranty in the form set forth in the application. It further proposes to pledge these bonds with the Farmers' Loan & Trust Company under its first mortgage dated May 1, 1912, to procure authentication and

delivery of \$909,000 of bonds issuable thereunder in respect of the terminal company's securities so pledged, and to pledge these bonds, together with \$1,590,000 of its first-mortgage bonds, the issue of which was authorized by our order dated April 3, 1922, in *Bonds of Virginian Railway*, 71 I. C. C., 383, as collateral security for the primary obligations by which the funding of its indebtedness to the Director General of Railroads may be accomplished, as therein set forth.

The bonds of the terminal company are to be dated May 1, 1907, to bear interest at the rate of 5 per cent per annum, payable semi-annually on May 1 and November 1 in each year, and to mature May 1, 1957. Pending the issue of these bonds in definitive form, the terminal company proposes to issue a temporary bond in the amount of \$909,000, substantially of like tenor as the definitive bonds, and to be exchangeable for a like principal amount thereof. The bonds of the Virginian will be dated May 1, 1912, will mature May 1, 1962, and will bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year.

We find that the proposed issue of first-mortgage bonds by the Virginian Terminal Railway Company, and the proposed assumption of obligation and liability, as guarantor, in respect thereof, and issue of first-mortgage bonds by the Virginian Railway Company, as aforesaid, (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the Virginian Railway Company of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Virginian Terminal Railway Company be, and it is hereby, authorized to issue not exceeding \$909,000, principal amount, of first-mortgage 50-year gold bonds, under and pursuant to, and to be secured by, its first mortgage dated May 1, 1907, to the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee; said bonds to be dated May 1, 1907, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature

May 1, 1957; said bonds to be delivered to the Virginian Railway Company at par for the purpose stated in said report.

It is further ordered, That, pending the preparation of said bonds in definitive form, the Virginian Terminal Railway Company be, and it is hereby, authorized to issue a temporary bond in a principal amount not exceeding \$909,000 under and pursuant to, and to be secured by, said mortgage, to be substantially of like tenor as said definitive bonds, and to be exchanged therefor when said bonds are ready for delivery.

It is further ordered, That the Virginian Railway Company be, and it is hereby, authorized (1) to assume obligation and liability, as guarantor, in respect of the payment of the principal and interest of not exceeding \$909,000 of the Virginian Terminal Railway Company's first-mortgage gold bonds, the issue of which is hereinbefore authorized, by indorsing upon each of said definitive bonds and, pending the preparation of said bonds, upon said temporary bond, its guaranty of the payment of such principal and interest, in the form set forth in the application; and (2) to pledge said bonds with the trustee under the first mortgage of said Virginian Railway Company, as set forth in the application.

It is further ordered, That the Virginian Railway Company be, and it is hereby, authorized to issue not exceeding \$909,000, principal amount, of first-mortgage 50-year gold bonds, under and pursuant to, and to be secured by, its first mortgage dated May 1, 1912, to the Farmers' Loan & Trust Company, of New York, trustee; said bonds to be dated May 1, 1912, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature May 1, 1962; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of said Virginian Railway Company's indebtedness to the United States for additions and betterments made to its property during the period of Federal control, as set forth in the application.

It is further ordered, That, except as herein authorized to be issued and pledged, none of said bonds shall be sold, pledged, replighted, or otherwise disposed of by the applicants, or either of them, unless and until so ordered by this commission.

It is further ordered, That the Virginian Terminal Company shall report to this commission, within 10 days thereafter, respectively, all pertinent facts relating to the issue of bonds by it to the Virginian Railway Company, as herein authorized; such reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Virginian Railway Company shall report to this commission, within 10 days thereafter, respectively, all

INDEX DIGEST.

[The numbers in parentheses following citations indicate where subjects are considered.]

ABANDONMENT.

In General:

Where the public interest requires the operation of railroad property, the commission can not for the purposes of fixing a loan criterion assign to that property only the salvage value attaching to an abandoned road. *Loan to M. & N. A. R. R.*, 395 (399).

Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. *Public-Convenience Application of D. & N. M. Ry.*, 795 (799).

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expense of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. *Id.* (799).

Past earnings and probable future earnings are evidentiary facts which enable the commission to make a finding under which an appropriate certificate for abandonment may be granted. It is not the commission's duty to make a finding with respect to a bare need for the service unaffected by how far that need is evidenced by the payment forthcoming for the service rendered. *Id.* (800).

In abandonment cases the method of procedure provided by the act was in addition to the constitutional right of the carrier existing prior thereto, and a cognate remedy was available to the public, before Congress asserted this species of control over the subject, for most of the abandonment cases that have been before the courts arose out of proceedings for a mandamus or mandatory injunction to prevent abandonment. *Id.* (800).

FINANCE DOCKET No. 930.

IN THE MATTER OF THE APPLICATION OF THE CAPE GIRARDEAU NORTHERN RAILWAY COMPANY FOR A LOAN FROM THE UNITED STATES TO MEET MATURING INDEBTEDNESS AND TO PROVIDE EQUIPMENT AND OTHER ADDITIONS AND BETTERMENTS.

Submitted January 28, 1921. Decided January 29, 1921.

Prospective earning power not found to be such as to furnish reasonable assurance of the applicant's ability to repay the loan. Application denied.

Giboney Houck for applicant.

REPORT OF THE COMMISSION.

DIVISION 4, COMMISSIONERS MEYER, DANIELS, EASTMAN, AND POTTER.

BY DIVISION 4:

The Cape Girardeau Northern Railway Company, a carrier by railroad subject to the interstate commerce act, hereinafter referred to as the applicant, on May 12, 1920, made application to us for a loan of \$300,000 from the United States, under section 210 of the transportation act, 1920, for the purpose of aiding the applicant in meeting its maturing indebtedness and in providing itself with equipment and other additions and betterments. On June 16, 1920, the application was amended so as to reduce the amount of the loan desired to \$250,000.

The applicant's line of railroad is situated in the southeastern part of the State of Missouri. Its principal termini are West Chester in Perry County, Farmington in St. Francois County, and Ancell in the northern part of Scott County, all in the State of Missouri.

The purposes of the proposed loan are:

Maturities.....	\$230, 000
Equipment.....	16, 000
Additions and betterments.....	4, 000
Total.....	250, 000

as more fully described in the application.

As security for the loan the applicant offers \$250,000, principal amount, of its first-mortgage 5 per cent bonds, proposed to be issued.

The applicant's property has deteriorated until the greater part of it is unsafe for operation, there being operated at present only 9.8 miles of a total mileage of 110.9 miles.

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ABANDONMENT.

In General:

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Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. *Public-Convenience Application of D. & N. M. Ry.*, 795 (799).

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expense of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. *Id.* (799).

Past earnings and probable future earnings are evidentiary facts which enable the commission to make a finding under which an appropriate certificate for abandonment may be granted. It is not the commission's duty to make a finding with respect to a bare need for the service unaffected by how far that need is evidenced by the payment forthcoming for the service rendered. *Id.* (800).

In abandonment cases the method of procedure provided by the act was in addition to the constitutional right of the carrier existing prior thereto, and a cognate remedy was available to the public, before Congress asserted this species of control over the subject, for most of the abandonment cases that have been before the courts arose out of proceedings for a mandamus or mandatory injunction to prevent abandonment. *Id.* (800).

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In abandonment cases the method of procedure provided by the act was in addition to the constitutional right of the carrier existing prior thereto, and a cognate remedy was available to the public, before Congress asserted this species of control over the subject, for most of the abandonment cases that have been before the courts arose out of proceedings for a mandamus or mandatory injunction to prevent abandonment. *Id.* (800).

Company, trustee under the Virginian's first mortgage dated May 1, 1912, and (b) to issue not exceeding \$909,000 of its 5 per cent first-mortgage 50-year gold bonds. No objection to the granting of the application has been presented to us.

The Virginian, which owns all the capital stock, except shares qualifying directors, and all the bonds of the terminal company, operates the properties of the latter under a 99-year lease executed May 1, 1913. By the terms of the lease, a copy of which was filed with the application, the terminal company is required to provide, and pay the cost of, such additions and betterments as may reasonably be required by the lessee.

The first mortgage dated May 1, 1907, made by the terminal company to the Central Trust Company of New York (now the Central Union Trust Company of New York), authorizes a total issue of not exceeding \$10,000,000 of bonds. The Virginian is a party to this mortgage and thereby, pursuant to a previous agreement between the two companies, obligated itself to guarantee the prompt and punctual payment of the principal and interest of all bonds issued thereunder. By the terms of the mortgage, \$9,500,000 of the bonds are reserved for the purpose of acquiring additional property or for making improvements and betterments upon property subject to the lien of the mortgage. Of the bonds so reserved, the terminal company has heretofore issued \$2,500,000.

Under the provisions of its mortgage dated May 1, 1912, made to the Farmers' Loan & Trust Company, the Virginian covenants to acquire and pledge thereunder all stock, bonds, or other securities of the terminal company issued after the date of the mortgage, and is entitled to have bonds authenticated and delivered to it in a face amount equal to the cost at par of such securities of the terminal company as it may so acquire and pledge.

The terminal company represents that between May 1, 1907, and October 31, 1921, additions and betterments to its property, required by the Virginian, were made at a cost of \$909,395.09 and paid for out of funds advanced by the latter. The terminal company proposes to procure authentication and delivery of \$909,000 of its first-mortgage bonds in respect of these expenditures and to deliver them to the Virginian in payment and satisfaction of an amount of its indebtedness equal to the principal amount of the bonds.

The Virginian proposes to assume obligation and liability in respect of the payment of the principal and interest of the bonds to be issued by the terminal company by indorsing thereon its guaranty in the form set forth in the application. It further proposes to pledge these bonds with the Farmers' Loan & Trust Company under its first mortgage dated May 1, 1912, to procure authentication and

delivery of \$909,000 of bonds issuable thereunder in respect of the terminal company's securities so pledged, and to pledge these bonds, together with \$1,590,000 of its first-mortgage bonds, the issue of which was authorized by our order dated April 3, 1922, in *Bonds of Virginian Railway*, 71 I. C. C., 383, as collateral security for the primary obligations by which the funding of its indebtedness to the Director General of Railroads may be accomplished, as therein set forth.

The bonds of the terminal company are to be dated May 1, 1907, to bear interest at the rate of 5 per cent per annum, payable semi-annually on May 1 and November 1 in each year, and to mature May 1, 1957. Pending the issue of these bonds in definitive form, the terminal company proposes to issue a temporary bond in the amount of \$909,000, substantially of like tenor as the definitive bonds, and to be exchangeable for a like principal amount thereof. The bonds of the Virginian will be dated May 1, 1912, will mature May 1, 1962, and will bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year.

We find that the proposed issue of first-mortgage bonds by the Virginian Terminal Railway Company, and the proposed assumption of obligation and liability, as guarantor, in respect thereof, and issue of first-mortgage bonds by the Virginian Railway Company, as aforesaid, (a) are for lawful objects within their respective corporate purposes, and compatible with the public interest, which are necessary and appropriate for and consistent with the proper performance by the Virginian Railway Company of service to the public as a common carrier, and which will not impair its ability to perform that service, and (b) are reasonably necessary and appropriate for such purposes.

An appropriate order will be entered.

ORDER.

Investigation of the matters and things involved in this proceeding having been had, and said division having, on the date hereof, made and filed a report containing its findings of fact and conclusions thereon, which report is hereby referred to and made a part hereof:

It is ordered, That the Virginian Terminal Railway Company be, and it is hereby, authorized to issue not exceeding \$909,000, principal amount, of first-mortgage 50-year gold bonds, under and pursuant to, and to be secured by, its first mortgage dated May 1, 1907, to the Central Trust Company of New York (now the Central Union Trust Company of New York), trustee; said bonds to be dated May 1, 1907, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature

May 1, 1957; said bonds to be delivered to the Virginian Railway Company at par for the purpose stated in said report.

It is further ordered, That, pending the preparation of said bonds in definitive form, the Virginian Terminal Railway Company be, and it is hereby, authorized to issue a temporary bond in a principal amount not exceeding \$909,000 under and pursuant to, and to be secured by, said mortgage, to be substantially of like tenor as said definitive bonds, and to be exchanged therefor when said bonds are ready for delivery.

It is further ordered, That the Virginian Railway Company be, and it is hereby, authorized (1) to assume obligation and liability, as guarantor, in respect of the payment of the principal and interest of not exceeding \$909,000 of the Virginian Terminal Railway Company's first-mortgage gold bonds, the issue of which is hereinbefore authorized, by indorsing upon each of said definitive bonds and, pending the preparation of said bonds, upon said temporary bond, its guaranty of the payment of such principal and interest, in the form set forth in the application; and (2) to pledge said bonds with the trustee under the first mortgage of said Virginian Railway Company, as set forth in the application.

It is further ordered, That the Virginian Railway Company be, and it is hereby, authorized to issue not exceeding \$909,000, principal amount, of first-mortgage 50-year gold bonds, under and pursuant to, and to be secured by, its first mortgage dated May 1, 1912, to the Farmers' Loan & Trust Company, of New York, trustee; said bonds to be dated May 1, 1912, to bear interest at the rate of 5 per cent per annum, payable semiannually on May 1 and November 1 in each year, and to mature May 1, 1962; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of said Virginian Railway Company's indebtedness to the United States for additions and betterments made to its property during the period of Federal control, as set forth in the application.

It is further ordered, That, except as herein authorized to be issued and pledged, none of said bonds shall be sold, pledged, replugged, or otherwise disposed of by the applicants, or either of them, unless and until so ordered by this commission.

It is further ordered, That the Virginian Terminal Company shall report to this commission, within 10 days thereafter, respectively, all pertinent facts relating to the issue of bonds by it to the Virginian Railway Company, as herein authorized; such reports to be signed and verified by an executive officer having knowledge of the facts.

It is further ordered, That the Virginian Railway Company shall report to this commission, within 10 days thereafter, respectively, all

pertinent facts relating to (1) the delivery of bonds to it by the Virginian Terminal Railway Company, as herein authorized, (2) the assumption of obligation and liability in respect of said bonds, (3) the pledge thereof with the trustee under the first mortgage dated May 1, 1912, and (4) the authentication and delivery of bonds to it by said trustee in respect thereof, (5) the pledge of its said first-mortgage bonds, and (6) the release of said bonds from such pledge; such reports to be signed and verified by an executive officer having knowledge of the facts.

And it is further ordered, That nothing herein shall be construed to imply any guaranty or obligation as to any of said bonds, or interest thereon, on the part of the United States.

71 I. C. C.

ACQUISITION OF CONTROL—Continued.

West Side Belt R. R. Co., authority granted the Pittsburgh & West Virginia Ry. Co. to acquire control through an agreement providing for operation of both companies by the Pittsburgh company. Lines do not parallel or compete; operation is at present being conducted by joint employees, making it necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation; and the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental. Acquisition of Control of W. S. B. R. R., 68.

ADDITIONS AND BETTERMENTS.

Applications of the following carriers for loans to aid in providing additions and betterments denied. Prospective earning power and character and value of the security offered are not such as to afford reasonable assurance of ability to repay the loan and meet other obligations in connection therewith, and reasonable protection to the United States:

Carrollton & Worthville R. R. Co., 232.

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Ocilla Southern R. R. Co., 321.

Pecos Valley Southern Ry. Co., 308.

Rock Island Southern Ry. Co., 323.

Salina Northern R. R. Co., 291.

Shearwood Ry. Co., 299.

Tennessee R. R. Co., 279.

Wabash, Chester & Western R. R. Co., 137.

Wyoming Ry. Co., 310

Cape Girardeau Northern Ry Co., application for a loan to aid in providing, denied. Applicant's property has deteriorated until the greater part of it is unsafe for operation and operating results reflect a continuous history of deficits in net income. Loan to C. G. N. Ry., 880.

Chicago & Western Indiana R. R. Co., upon supplemental report, that part of application for loan requested in 65 I. C. C., 113, for additions and betterments to way and structures, denied. Applicant requested that consideration of that part of loan be deferred, whereupon the commission requested it to file further information in respect thereto, and, in the event that it was not its purpose to pursue its application, to file a formal withdrawal thereof. Application has been neither supplemented nor amended in this regard. Loan to C. & W. I. R. R., 488.

Chicago, St. Louis & New Orleans R. R. Co. and the Illinois Central R. R. Co., authority to issue joint first mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Cincinnati, Indianapolis & Western R. R. Co., application for a loan to aid in providing, to way and structures, denied. Carrier's attention has been called to various deficiencies in its application and the commission has emphasized the necessity of applicant making a tender of reasonably adequate security. Application has been neither supplemented nor amended in response to the commission's requests, nor has it been withdrawn. Application of C., I. & W. R. R. for Loan, 539.

ADDITIONS AND BETTERMENTS—Continued.

- Clisco & Northeastern Ry. Co., application for a loan to aid in providing, to way and structures, granted. Loan to C. & N. E. Ry., 273.
- Delaware & Hudson Co., authority to issue gold bonds for the purpose of reimbursing its treasury for expenditures for additions and betterments; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.
- Denver & Salt Lake R. R. Co., application for a loan to enable applicant to construct a tunnel through James Peak at or near Corona, Colo., denied. It is not shown that the loan requested is necessary to meet public transportation needs or that the security offered is adequate. Loan to D. & S. L. R. R., 219.
- Gulf, Mobile & Northern R. R. Co., application for a loan to aid in providing, to existing equipment and way and structures, granted. Loan to G., M. & N. R. R., 156.
- Missouri & North Arkansas R. R. Co., application for loan to provide, to way and structures, granted. Loan to M. & N. A. R. R., 395.
- Missouri-Illinois R. R. Co., authority to issue first-mortgage gold bonds, the proceeds to be used to pay for the construction, equipment, and delivery of a steam-car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service, granted. Bonds of M.-I. R. R., 461.
- Missouri Pacific R. R. Co., authority to issue first and refunding mortgage bonds, part thereof to be sold and the proceeds used to reimburse its treasury for expenditures for additions and betterments not heretofore capitalized, granted. Bonds of M. P. R. R., 435.
- New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to pay for the cost of additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.
- New York, New Haven & Hartford R. R. Co., upon supplemental report, former report 71 I. C. C., 163, application for loan to aid in providing, granted in part. Loan to N. Y., N. H. & H. R. R., 761.
- Portland Terminal Co., authority to issue first-mortgage gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.
- Toledo Terminal R. R. Co., authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds in respect of additions and betterments, granted. Bonds of Toledo Terminal R. R., 490.
- Virginian Ry. Co., authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Virginian Terminal Ry. Co.; to issue first-mortgage gold bonds, all or part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control, granted. Bonds of V. T. Ry., 875.
- Virginian Terminal Ry. Co., authority to issue first-mortgage gold bonds, to be delivered to the Virginian Ry. Co. in reimbursement of advances made by it for additions and betterments to the property of the terminal company, granted. Bonds of V. T. Ry., 875.

ABANDONMENT—Continued.**Branch Lines:**

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate of public convenience and necessity authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. Public-Convenience Application of A. & S. A. B. Ry., 784.

Baltimore & Ohio R. R. Co.:

Certificate of public convenience and necessity authorizing the abandonment of its Magnolia branch in Carroll and Stark Counties, Ohio, issued. The condition of the branch is such that it will require rebuilding, including the renewal of a bridge; the future holds no prospect of revenue-producing tonnage; and the territory served has other ample railroad facilities. Abandonment of Branch Line by B. & O. R. R., 386.

Certificate of public convenience and necessity authorizing the abandonment of its Pigeon Run branch in Stark County, Ohio, issued. There are no cities, towns, or villages located on the line; no passenger trains have ever been run and no scheduled freight service has been maintained. The coal lands, which the branch was primarily built to serve, have been worked out and the mines have been closed and dismantled. The branch is in poor physical condition and is now used only for the storage of cars. Abandonment of Branch Line by B. & O. R. R., 389.

Bangor & Aroostook R. R. Co., as to interstate and foreign commerce certificate of public convenience and necessity authorizing the abandonment of a portion of a branch line located in Piscataquis County, Me., issued. Traffic on which the branch has been dependent is now practically nonexistent, agricultural development of the territory served has been unimportant, that portion of the branch proposed to be abandoned is paralleled by a fairly good highway, and sufficient traffic will not develop to justify continued operations in view of substantial financial losses involved. Public-Convenience Certificate to B. & A. R. R., 579.

Columbus & Greenville R. R. Co. certificate of public convenience and necessity authorizing the abandonment of the Percy and Webb branches in Washington, Leflore, and Tallahatchie Counties, Miss., issued. Territory traversed by these branches is also served by the Yazoo & Mississippi Valley, which can and does adequately meet the transportation requirements of the communities served. For several years these branches have been operated at a loss and continued operation jeopardizes the continuance of operation of the main line. Abandonment of Branch Lines of C. & G. R. R., 725.

ABANDONMENT—Continued.**Branch Lines—Continued.**

Escanaba & Lake Superior R. R. Co., certificate of public convenience and necessity authorizing the abandonment of a branch line located in Marquette and Dickinson Counties, Mich., issued. Line was constructed for the purpose of hauling forest products, the supply of which has been exhausted. The territory tributary to the line has no population, and it does not appear probable that there will be any settlers for a number of years. Abandonment of Part of Branch Line by E. & L. S. R. R., 816.

Great Northern Ry. Co., certificate of public convenience and necessity authorizing the abandonment of that portion of a branch line extending from Northport, Wash., to Rossland, B. C., located in Stevens County, Wash., issued. Branch was constructed for purpose of transporting ore from Rossland to smelter at Northport; such smelter has been closed and there has been practically no ore traffic since; resumption of ore movement over this branch is improbable; agricultural development in the tributary territory has been small; and, while the territory traversed is heavily timbered, there is no evidence to show when, if ever, the standing timber will be cut and marketed. Public-Convenience Certificate to G. N. Ry., 26.

Lehigh Valley R. R. Co., certificate authorizing the abandonment of a branch line in Sullivan and Wyoming Counties, Pa., extending from Ganoga Lake to Ricketts, issued. Branch line was built for the purpose of developing the timber resources in the territory served. All of such timber has been cut. An ice business subsequently established at Ganoga Lake has also been entirely discontinued and the machinery removed. No traffic is at present being hauled over this branch, and the country tributary thereto is wild, detimbered, mountain land. Abandonment of Branch Line by L. V. R. R., 150.

Live Oak, Perry & Gulf R. R. Co., certificate of public convenience and necessity authorizing the abandonment of a branch line in Taylor County, Fla., extending from a connection with its main line at Murat Junction to Murat, issued. Branch was built largely for the purpose of furnishing transportation for the output of a turpentine industry at Murat. Turpentine camp has been abandoned; no industry is served by the branch and there are no settlers dependent upon it for transportation; the territory traversed is either timber land or cut-over land; and no train has been operated over this branch for about eight years. Abandonment of Branch Line by L. O., P. & G. R. R. Co., 133.

Louisville & Nashville R. R. Co., proposed abandonment of a portion of a branch line extending from West Point to Pinkney, in Lawrence County, Tenn., held not justified. Proposed abandonment would preclude the possibility of the further development of the ore beds in the vicinity of Pinkney; would tend to destroy the lumbering industry at that point; and would deprive a considerable community of the benefits of direct railroad service. Abandonment of Part of Branch Line by L. & N. R. R., 225.

ABANDONMENT—Continued.**Branch Lines—Continued.**

Manistique & Lake Superior R. R. Co., certificate of public convenience and necessity authorizing the abandonment of a branch line extending from Scott to the station of Doyle's Wye, Schoolcraft County, Mich., issued. Branch was built primarily as a logging road; forest products, which produced the only source of revenue, have been exhausted; there are no towns or villages located on the line; and there is no prospect of increase in traffic in the near future that would justify continued operation. Abandonment of Branch Line by M. & L. S. R. R., 329.

Northern Pacific Ry. Co., certificate of public convenience and necessity authorizing the abandonment of that portion of a branch line extending from Coda to Washburn, Wis., issued. Sufficient traffic is available over that portion of the branch between Iron River and Coda to justify its retention until after the lapse of a reasonable experimental period to determine whether the public is making sufficient use thereof to justify its further retention in service. Abandonment of Part of Branch Line by N. P. Ry., 169.

Ferries: Chesapeake & Ohio Ry. Co., certificate of public convenience and necessity authorizing the abandonment of a ferry operated across the Ohio River between Russell, Ky., and Ironton, Ohio, constituting a portion of applicant's line of railroad, issued. A new highway bridge has been constructed between these points, and vehicular and passenger traffic heretofore making use of the ferry will use the bridge. Abandonment of Ferry by C. & O. Ry., 450.

Main Lines:

Chicago & Eastern Illinois R. R. Co., certificate of public convenience and necessity authorizing the abandonment of its Chicago & Indiana Coal Railway division, issued. The territory traversed is not productive of sufficient traffic to justify its operation as an independent line and there is no reasonable expectation that the territory ever will produce sufficient tonnage to enable the property to pay operating expenses. The road does not possess any equipment and is without funds to purchase equipment or meet losses from operation. Abandonment of Line by C. & E. I. R. R., 609.

Duluth & Northern Minnesota Ry. Co., on rehearing, conclusion in former report, 70 I. C. C., 184, that a certificate of public convenience and necessity should issue authorizing the abandonment of a line of railroad in St. Louis, Lake, and Cook Counties, Minn., affirmed. Public-Convenience Application of D. & N. M. Ry., 795.

Morenci Southern Ry. Co., certificate of public convenience and necessity authorizing the abandonment of its railroad in Greenlee County, Ariz., issued. Line has operated at a loss for several years, and traffic has been steadily decreasing. Abandonment of Line by M. S. Ry., 589.

Zwolle & Eastern Ry. Co., certificate of public convenience and necessity authorizing the abandonment of its line of railroad in Sabine Parish, La., issued. Line was built for the purpose of developing the timber resources in the territory served; owing to the exhaustion of the forests, the industries served have closed and dismantled their plants; no traffic of any kind is being offered, and there is no possibility of any being developed; and no community, firm, or individual will suffer any damage or inconvenience by reason of such abandonment. Abandonment of Z. & E. Ry., 193.

ACQUISITION OF CONTROL. *See also* CONSOLIDATION.

In General: Where the acquisition of control, or the lease, of one carrier by another would clearly facilitate the movement of traffic through a highly congested district, the circumstances that other carriers would suffer a loss of revenue is not controlling. *Chicago Junction Case*, 631 (638).

Chicago Junction Ry. Co.:

Acquisition of control by the Chicago River & Indiana R. R. Co., by lease, approved and authorized subject to certain conditions. *Chicago Junction Case*, 631.

Application of the New York Central R. R. Co. for authority to purchase the capital stock or physical properties of, denied. Values are not capable of definite settlement at this time, and application will be reserved for future treatment at such time as the Central may desire to renew it in that respect, following the final determination of values under section 19a of the act. *Id.* (637).

Chicago, Milwaukee & Gary Ry. Co., acquisition of control by the *Chicago, Milwaukee & St. Paul Ry. Co.* by purchase of capital stock, approved and authorized. Such acquisition and control will enable the *St. Paul* to handle through traffic between its eastern connections and all parts of its system in the Northwest without passing through the congested switching district of Chicago, Ill. *Control of C., M. & G. by C., M. & St. P. Ry.*, 124.

Chicago, Milwaukee & St. Paul Ry. Co., acquisition of control of the *Chicago, Milwaukee & Gary Ry. Co.*, by purchase of capital stock, approved and authorized. Such acquisition and control will enable the *St. Paul* to handle through traffic between its eastern connections and all parts of its system in the Northwest without passing through the congested switching district of Chicago, Ill. *Control of C., M. & G. by C., M. & St. P. Ry.*, 124.

Chicago River & Indiana R. R. Co.:

Acquisition of control of the *Chicago Junction Ry.*, by lease, approved and authorized subject to certain conditions. *Chicago Junction Case*, 631.

Acquisition of control by the New York Central R. R. Co., by the purchase of its capital stock, approved and authorized subject to certain conditions. *Id.* (631).

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., acquisition of additional capital stock of the *Peoria & Eastern Ry. Co.*, which is controlled by the Big Four through ownership of a majority of such capital stock, held not within the scope of paragraph (2), section 5, of the act. Purchase of the remaining stock will not give the Big Four any other or further control over such carrier than that which it had acquired prior to the enactment of the paragraph. *Control of Peoria & Eastern by Big Four*, 747.

ACQUISITION OF CONTROL—Continued.

Georgia, Ashburn, Sylvester & Camilla Ry. Co., certificate of public convenience and necessity authorizing the acquisition and operation of a line of railroad extending from Ashburn to Camilla, Ga., formerly operated as a part of the Hawkinsville & Florida Southern Ry., the abandonment of which was authorized in 70 I. C. C., 566, issued. It is claimed that future operation will be attended by increased revenues and decreased operating expenses, and will show net earnings sufficient to provide a fair return upon capitalization. The people who are dependent upon the line for transportation facilities desire to preserve the service and are prepared to finance the plan and thus assume the burden. Public-Convenience Certificate to G., A., S. & C. Ry., 616.

New York Central R. R. Co.:

Acquisition of control of the Chicago River & Indiana R. R. Co., by the purchase of its capital stock, approved and authorized subject to certain conditions. Chicago Junction Case, 631.

Application for authority to purchase the capital stock or physical properties of the Chicago Junction Ry. Co., denied. Values are not capable of definite settlement at this time, and application will be reserved for future treatment at such time as the Central may desire to renew it in that respect, following the final determination of values under section 19a of the act. Id. (637).

Northwestern Long Distance Telephone Co., certificate authorizing the acquisition of control by the Pacific Telephone & Telegraph Co., by lease, issued. Unification of the toll facilities of the two companies will eliminate the present duplication of operating and office forces and will obviate the necessity of rebuilding the pole lines of the Northwestern. Acquisition of Control of N. W. Long Distance Tel. Co., 530.

Pacific Telephone & Telegraph Co., certificate authorizing the acquisition of control of the Northwestern Long Distance Telephone Co., by lease, issued. Unification of the toll facilities of the two companies will eliminate the present duplication of operating and office forces and will obviate the necessity of rebuilding the pole lines of the Northwestern. Acquisition of Control of N. W. Long Distance Tel. Co., 530.

Peoria & Eastern Ry. Co., acquisition of additional capital stock by the Cleveland, Cincinnati, Chicago & St. Louis Ry. Co. which controls the Peoria & Eastern through ownership of a majority of such capital stock, held not within the scope of paragraph (2), section 5, of the act. Purchase of the remaining stock will not give the Big Four any other or further control over such carrier than that which it had acquired prior to the enactment of the paragraph. Control of P. & E. by Big Four, 747.

Pittsburgh & West Virginia Ry. Co., authority to acquire control of the West Side Belt R. R. Co. through an agreement providing for operation of both companies by the Pittsburgh Company, granted. Lines do not parallel or compete; operation is at present being conducted by joint employees, making it necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation; and the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental. Acquisition of Control of West Side Belt R. R., 68.

Pullman Co., authority to issue capital stock for the purpose of acquiring all the assets of the Haskell & Barker Car Co. (Inc.), granted. Stock of The Pullman Co., 11.

ACQUISITION OF CONTROL—Continued.

Sacramento Northern R. R. Co.:

Proposed acquisition of control by the Western Pacific R. R. Co., by the purchase of its capital stock and bonds, denied. The Sacramento Northern must make application to the commission under section 20a of the act for authority to issue its stock and to assume the obligations of the old Sacramento Northern Ry. Co., and until such application is made the commission is unable to pass upon the acquisition of control by the Western Pacific. The stock proposed to be acquired would have no validity without the commission's authorization. Proposed Control of S. N. by W. P. R. R., 653.

The acquisition of control by the Western Pacific R. R. Co., by the purchase of capital stock and bonds would *ipso facto* establish the status of the Sacramento Northern as part of the Western Pacific system and so long as the control continued its operation would necessarily be as part of that system. (Id. (656)).

Saratoga & Encampment R. R. Co., acquisition of control by the Union Pacific R. R. Co., by an operating agreement, with an option to purchase, approved and authorized. The results of operation by the Encampment have been insufficient to pay its expenses, and while the proposed transaction is somewhat of an experiment on the part of the Union Pacific, such experiment is justifiable in order to preserve the service. Control of S. & E. R. R. by U. P., 190.

Tuckaseegee & Southeastern Ry. Co., certificate of public convenience and necessity authorizing the acquisition and operation of a line of railroad extending from Sylva to Blackwood, in Jackson County, N. C., issued. Operation of this line would serve the public interest by giving rail transportation to a section heretofore lacking such facilities and by making possible the development of large areas of timberlands. Public Convenience Certificate to T. & S. E. Ry., 818.

Union Pacific R. R. Co., acquisition of control of the Saratoga & Encampment R. R. Co., by an operating agreement, with an option to purchase, approved and authorized. The results of operation by the Encampment have been insufficient to pay its expenses, and while the proposed transaction is somewhat of an experiment on the part of the Union Pacific, such experiment is justifiable in order to preserve the service. Control of S. & E. R. R. by U. P., 190.

Western Pacific R. R. Co.:

Acquisition of control of the Sacramento Northern R. R., an electric line, by the purchase of its capital stock and bonds, denied. The Sacramento Northern must make application to the commission under section 20a of the act for authority to issue its stock and to assume the obligations of the old Sacramento Northern Ry. Co., and until such application is made the commission is unable to pass upon the acquisition of control by the Western Pacific. The stock proposed to be acquired would have no validity without the commission's authorization. Proposed Control of Sacramento Northern by W. P. R. R., 653.

The acquisition of control of the Sacramento Northern R. R., an electric line, by the purchase of capital stock and bonds would *ipso facto* establish the status of the Sacramento Northern as part of the Western Pacific system and so long as the control continued its operation would necessarily be as part of that system. Id. (656).

ACQUISITION OF CONTROL—Continued.

West Side Belt R. R. Co., authority granted the Pittsburgh & West Virginia Ry. Co. to acquire control through an agreement providing for operation of both companies by the Pittsburgh company. Lines do not parallel or compete; operation is at present being conducted by joint employees, making it necessary to divide many expenses and statistical data on arbitrary bases, involving a large amount of accounting detail which would be eliminated by the proposed plan of control and operation; and the proposed contract will result in a reduction of operating expenses and is further in the public interest in that it will not involve the assumption of a fixed rental. Acquisition of Control of W. S. B. R. R., 68.

ADDITIONS AND BETTERMENTS.

Applications of the following carriers for loans to aid in providing additions and betterments denied. Prospective earning power and character and value of the security offered are not such as to afford reasonable assurance of ability to repay the loan and meet other obligations in connection therewith, and reasonable protection to the United States:

Carrollton & Worthville R. R. Co., 232.

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Ocilla Southern R. R. Co., 321.

Pecos Valley Southern Ry. Co., 308.

Rock Island Southern Ry. Co., 323.

Salina Northern R. R. Co., 291.

Shearwood Ry. Co., 299.

Tennessee R. R. Co., 279.

Wabash, Chester & Western R. R. Co., 137.

Wyoming Ry. Co., 310

Cape Girardeau Northern Ry Co., application for a loan to aid in providing, denied. Applicant's property has deteriorated until the greater part of it is unsafe for operation and operating results reflect a continuous history of deficits in net income. Loan to C. G. N. Ry., 880.

Chicago & Western Indiana R. R. Co., upon supplemental report, that part of application for loan requested in 65 I. C. C., 113, for additions and betterments to way and structures, denied. Applicant requested that consideration of that part of loan be deferred, whereupon the commission requested it to file further information in respect thereto, and, in the event that it was not its purpose to pursue its application, to file a formal withdrawal thereof. Application has been neither supplemented nor amended in this regard. Loan to C. & W. I. R. R., 488.

Chicago, St. Louis & New Orleans R. R. Co. and the Illinois Central R. R. Co., authority to issue joint first mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Cincinnati, Indianapolis & Western R. R. Co., application for a loan to aid in providing, to way and structures, denied. Carrier's attention has been called to various deficiencies in its application and the commission has emphasized the necessity of applicant making a tender of reasonably adequate security. Application has been neither supplemented nor amended in response to the commission's requests, nor has it been withdrawn. Application of C., I. & W. R. R. for Loan, 539.

ADDITIONS AND BETTERMENTS—Continued.

- Cisco & Northeastern Ry. Co., application for a loan to aid in providing, to way and structures, granted. Loan to C. & N. E. Ry., 273.
- Delaware & Hudson Co., authority to issue gold bonds for the purpose of reimbursing its treasury for expenditures for additions and betterments; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.
- Denver & Salt Lake R. R. Co., application for a loan to enable applicant to construct a tunnel through James Peak at or near Corona, Colo., denied. It is not shown that the loan requested is necessary to meet public transportation needs or that the security offered is adequate. Loan to D. & S. L. R. R., 219.
- Gulf, Mobile & Northern R. R. Co., application for a loan to aid in providing, to existing equipment and way and structures, granted. Loan to G., M. & N. R. R., 156.
- Missouri & North Arkansas R. R. Co., application for loan to provide, to way and structures, granted. Loan to M. & N. A. R. R., 395.
- Missouri-Illinois R. R. Co., authority to issue first-mortgage gold bonds, the proceeds to be used to pay for the construction, equipment, and delivery of a steam-car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service, granted. Bonds of M.-I. R. R., 461.
- Missouri Pacific R. R. Co., authority to issue first and refunding mortgage bonds, part thereof to be sold and the proceeds used to reimburse its treasury for expenditures for additions and betterments not heretofore capitalized, granted. Bonds of M. P. R. R., 435.
- New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to pay for the cost of additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.
- New York, New Haven & Hartford R. R. Co., upon supplemental report, former report 71 I. C. C., 163, application for loan to aid in providing, granted in part. Loan to N. Y., N. H. & H. R. R., 761.
- Portland Terminal Co., authority to issue first-mortgage gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.
- Toledo Terminal R. R. Co., authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds in respect of additions and betterments, granted. Bonds of Toledo Terminal R. R., 490.
- Virginian Ry. Co., authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Virginian Terminal Ry. Co.; to issue first-mortgage gold bonds, all or part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control, granted. Bonds of V. T. Ry., 875.
- Virginian Terminal Ry. Co., authority to issue first-mortgage gold bonds, to be delivered to the Virginian Ry. Co. in reimbursement of advances made by it for additions and betterments to the property of the terminal company, granted. Bonds of V. T. Ry., 875.

ADVANCES TO CARRIERS.

The following companies found to be "carriers" within the meaning of paragraph (a) of section 209 of the transportation act, 1920. Amounts necessary to make good the guaranty under that section ascertained, and final settlements made by deducting amounts heretofore certified as advances or partial payments:

Apalachicola Northern R. R. Co., 203.
 Buffalo, Rochester & Pittsburgh Ry. Co., 21 ; 262.
 Bullfrog Goldfield R. R. Co., 710.
 Chicago & Eastern Illinois R. R. Co., 713.
 Chicago Junction Ry. Co., 185.
 Chicago, Milwaukee & St. Paul Ry. Co., 603.
 Deering Southwestern Ry., 413.
 Denver & Rio Grande R. R. Co., 264.
 Detroit, Bay City & Western R. R. Co., 445.
 East St. Louis Connecting Ry. Co., 84.
 El Paso & Southwestern Co., 855.
 Flint River & Northeastern R. R. Co., 848.
 Georgia Northern Ry. Co., 525.
 Gulf, Florida & Alabama Ry. Co., 507.
 Jefferson & Northwestern Ry. Co., 755.
 Lake Erie & Western R. R. Co., 494.
 Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., 781.
 Mississippi Central R. R. Co., 716.
 Mount Hope Mineral R. R. Co., 719.
 Paris & Mt. Pleasant R. R. Co., 872.
 Philadelphia & Reading Ry. Co., 735.
 Rapid City, Black Hills & Western R. R. Co., 536.
 Raritan River R. R. Co., 209.
 St. Louis Merchants Bridge Terminal Ry. Co., 84.
 St. Louis Transfer Ry. Co., 84.
 San Antonio & Aransas Pass Ry. Co., 485.
 Terminal R. R. Association of St. Louis, 84.
 Texas Midland R. R., 576.
 Tonopah & Goldfield R. R. Co., 663.
 Ulster & Delaware R. R. Co., 427.
 Western Allegheny R. R. Co., 361.
 Wiggins Ferry Co., 84.

The following carriers which sustained deficits in railway operating incomes while under private operation in the Federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during Federal control ascertained and final settlements made by deducting amounts heretofore certified as partial payments:

Apalachicola Northern R. R. Co., 823.
 Bullfrog Goldfield R. R. Co., 825.
 Carolina & Yadkin River Ry. Co., 420.
 Jefferson & Northwestern Ry. Co., 863.
 Paris & Mt. Pleasant R. R. Co., 869.

AGREEMENTS. See **CONTRACTS.**

ASSUMPTION OF OBLIGATIONS. See **OBLIGATIONS OR LIABILITIES.**

BETTERMENTS. See **ADDITIONS AND BETTERMENTS.**

BOAT LINES. See **WATER CARRIERS.**

BONDS.

In General: Corporate policy, in a case of bond retirements, must be determined by the carrier's directors, and, since the responsibility for that determination rests with them, the commission does not feel that the substitution of its judgment for theirs would be warranted. Bonds of Northern Pacific Ry., 583 (584).

Asherton & Gulf Ry. Co., proposed issue of bonds the proceeds of which are to be used for the construction of an extension from Asherton to Carrizo Springs, Tex., not shown to be in the public interest. Such proposed issue exceeds the investment in road and equipment; a satisfactory showing of applicant's ability to earn the interest on the proposed issue has not been made; and inquiries contained in several letters pertaining to the application remain unanswered. Securities Application of A. & G. Ry., 281.

Baltimore & Ohio R. R. Co., authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged, from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization having first been obtained, granted. Bonds of B. & O. R. R. and Subsidiaries, 680.

Baltimore & Ohio Southwestern R. R. Co. (Illinois), a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Baltimore & Ohio Southwestern R. R. Co. (Ohio and Indiana), a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Baltimore & Philadelphia R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Birmingham & Northwestern Ry. Co., authority to issue first-mortgage bonds for the purpose of retiring an equal amount of maturing first-mortgage bonds, granted. Bonds of B. & N. W. Ry., 177.

Buffalo, Rochester & Pittsburgh Ry. Co., authority to procure authentication and delivery to its treasurer of consolidated mortgage bonds, said bonds to be used, when duly authorized, for the purpose of refunding certain maturing mortgage and equipment bonds, granted. Bonds of B., R. & P. Ry., 432.

Carolina & Georgia Ry. Co., authority to issue first mortgage gold bonds under a proposed mortgage; part of said bonds to be exchanged for outstanding first-mortgage bonds, and the remainder to be sold and the proceeds used in constructing and equipping applicant's road, granted. Bonds of C. & G. Ry., 704.

BONDS—Continued.

- Central of Georgia Ry. Co., authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security, in whole or in part, for advances under section 209 of the transportation act, 1920, for loans under section 210 thereof, or for any notes which may be issued under paragraph (9) of section 20a of the interstate commerce act, granted. Bonds of C. of G. Ry., 600.
- Central R. R. Co. of New Jersey, authority to procure authentication and delivery to its treasurer of equipment bonds, in connection with the procurement of locomotives, passenger coaches, combination cars, and baggage-and-express cars, granted. Equipment Bonds of C. R. R. Co. of N. J., 729.
- Chicago & North Western Ry. Co., authority to sell general mortgage gold bonds which are now held in its treasury to reimburse its treasury for moneys expended out of income for additions and betterments and on account of the retirement of certain underlying bonds, granted. Bonds of C. & N. W. Ry., 821.
- Chicago & Western Indiana R. R. Co., authority to issue consolidated-mortgage gold bonds to be delivered to applicant's tenants in repayment of sinking fund advances, granted. Bonds of C. & W. I. R. R., 102.
- Chicago, Burlington & Quincy R. R. Co., upon supplemental application, original report, 67 I. C. C., 156, authority to issue first and refunding mortgage bonds under a proposed mortgage; said bonds to be sold and the proceeds used for capital purposes, granted. Bonds of C., B. & Q. R. R., 70.
- Chicago, Indianapolis & Louisville Ry. Co., authority to procure authentication and delivery to its treasurer of first and general mortgage gold bonds; and to pledge and repledge, from time to time, until otherwise ordered, all or any part thereof as security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., I. & L. Ry., 74.
- Chicago, Milwaukee & St. Paul Ry. Co., authority to assume obligation or liability, as guarantor, in respect of first-mortgage bonds of the Chicago, Milwaukee & Gary Ry. Co., by indorsing thereon its guaranty of the payment of the principal and interest; and, when so indorsed, said bonds to be redelivered to the St. Louis Union Trust Co., granted. Control of C., M. & G. Ry. by C., M. & St. P. Ry., 124.
- Chicago, Rock Island & Pacific Ry. Co., authority to issue general-mortgage gold bonds and to deliver same to the trustee under its first and refunding mortgage; and to issue first and refunding mortgage gold bonds, all or part thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., R. I. & P. Ry., 80.

BONDS—Continued.

Chicago, St. Louis & New Orleans R. R. Co. and the Illinois Central R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue debenture gold bonds; said bonds to be sold and the proceeds used for enlargements, extensions, betterments, additions, and for the acquisition of additional equipment, granted. Bonds of C., St. P., M. & O. Ry., 808.

Cincinnati, Indianapolis & Western R. R. Co.:

Authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds, for the purpose of reimbursing its treasury for expenditures for capital purposes not heretofore capitalized, granted. Bonds of C., I. & W. R. R., 377.

Upon supplemental report, authority to pledge and repledge first-mortgage gold bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Former report 71 I. C. C., 377. Bonds of C., I. & W. R. R., 499.

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Assumption of Obligations by C., N. O. & T. P. Ry., 687.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to assume obligation and liability as guarantor in respect of the payment of principal and interest of first-mortgage bonds of the Evansville, Mount Carmel & Northern Ry. Co.; said bonds to be used for acquiring certain securities issued by the Peoria & Eastern Ry. Co., granted. Assumption of Obligations by Big Four, 690.

Cleveland Union Terminals Co., authority to issue and sell first-mortgage sinking-fund gold bonds, the proceeds to be used for capital purposes, granted. Securities of C. U. T. Co., 842.

Confluence & Oakland R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Delaware & Hudson Co., authority to issue gold bonds for the purpose of discharging and refunding existing obligations, and reimbursing its treasury for expenditures for additions and betterments and investment in affiliated companies; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.

Detroit, Toledo & Ironton R. R. Co., authority to issue first-mortgage gold bonds; said bonds to be sold and the proceeds used in reimbursement of expenditures made for additions and betterments, granted. Bonds of D., T. & I. R. R., 199.

BONDS—Continued.**Erie R. R. Co.:**

Authority to sell consolidated-mortgage extended bonds, and to pledge one-half, pending sale thereof, as security for any short-term notes which may be issued to the War Finance Corporation upon proper authorization, granted. Bonds of E. R. R. Co., 267.

Authority to pledge general-lien and convertible gold bonds, as security for one-year notes payable on demand, which may be issued to the War Finance Corporation upon proper authorization, granted. Id. (267).

Authority to pledge refunding and improvement mortgage gold bonds and Columbus & Erie R. R. Co. first-mortgage gold bonds, as substituted partial security for a loan from the United States, granted. Id. (267).

Authority to assume obligation and liability, as guarantor and lessee in respect of bonds of the New York, Lake Erie & Western Coal & R. R. Co., granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

Fairmont, Morgantown & Pittsburg R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Great Northern Ry. Co., authority to issue general-mortgage gold bonds, said bonds to be sold and the proceeds used for capital purposes, viz, to pay maturing indebtedness, acquire equipment, and make additions and betterments, granted. Bonds of G. N. Ry. 95.

Gulf & Northern Ry. Co., authority to issue first-mortgage gold bonds, said bonds to be delivered to the A., T. & S. F. Ry. Co. in satisfaction of a like amount of indebtedness of the applicant to that company which furnished most of the cash, material, and labor for the construction of applicant's line extending northward from Newton to Wiergate, Tex., granted. Bonds of G. & N. Ry., 859.

Illinois Central R. R. Co. and Chicago, St. Louis & New Orleans R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Jacksonville Terminal Co., authority to issue refunding and extension mortgage bonds, to be exchanged for a like amount of first and general mortgage bonds, and series B bonds, to be sold and the proceeds used for capital purposes, granted. Bonds of J. T. Co., 249.

Maine Central R. R. Co.:

Authority to issue first and refunding mortgage gold bonds, said bonds to be pledged as collateral security for a demand note to be issued to the Director General of Railroads, and ultimately to pledge all or any portion of the bonds with the director general as collateral security in connection with the funding of indebtedness to the United States in respect of additions and betterments made during Federal control, granted. Bonds of M. C. R. R., 147.

BONDS—Continued.**Maine Central R. R. Co.—Continued.**

Authority to assume obligation and liability as guarantor in respect of bonds to be issued by the Portland Terminal Co. and pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.

Midland Valley R. R. Co.:

Authority to issue first-mortgage gold bonds, said bonds to be sold, or to be pledged or repledged from time to time until otherwise ordered, as collateral security for any notes which may be issued within the limitations of paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 61.

Authority to issue first-mortgage gold bonds, said bonds to be sold or pledged and repledged as collateral security for short-term notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 566.

Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage bonds, and to pledge and repledge said bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. & St. L. R. R., 767.

Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to sell first refunding mortgage bonds, the proceeds to be used to pay taxes, interest, maturing indebtedness, and miscellaneous vouchers which are now or will become due, granted. Bonds of M., St. P. & S. S. M. Ry., 490.

Missouri & North Arkansas Ry. Co., authority to issue a first-mortgage gold bond, to be pledged with the Secretary of the Treasury as collateral security for a loan from the United States, authorized in 71 I. C. C., 395, granted. Securities of M. & N. A. Ry., 440.

Missouri-Illinois R. R. Co. authority to issue first-mortgage gold bonds, the proceeds to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service, granted. Bonds of M.-I. R. R., 461.

Missouri Pacific R. R. Co., authority to issue first and refunding mortgage 6 per cent bonds, part thereof to be sold and the proceeds used to retire maturing first and refunding mortgage 5 per cent bonds, and to reimburse its treasury for expenditures for additions and betterments not heretofore capitalized; to procure authentication and delivery to its treasurer of the remainder of such bonds which are to be held in the treasury until the further order of the commission; and to issue temporary certificates or interim receipts pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of M. P. R. R., 435.

Morgantown & Kingwood R. R. Co., authority to issue first-mortgage bonds for the purpose of refunding a like amount of matured first-mortgage bonds, granted. Bonds of M. & K. R. R., 452.

BONDS—Continued.

New Orleans, Texas & Mexico Ry. Co., authority to procure authentication and delivery to its treasurer of first-mortgage bonds, and to issue certain other first-mortgage bonds, said bonds to be sold or pledged and repledged as collateral security for notes issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of N. O., T. & M. Ry., 562.

New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to meet maturing notes and to pay indebtedness to the director general, for the cost of equipment and additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.

New York, Chicago & St. Louis R. R. Co.:

Authority to issue second and improvement mortgage gold bonds; and to pledge same as collateral security for a promissory note to be issued to the Director General of Railroads, granted. Bonds of N. Y., C. & St. L. R. R., 64.

Authority to pledge and repledge from time to time, until otherwise ordered, all or any part of second and improvement mortgage gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Id. (64).

New York, Lake Erie & Western Coal & R. R. Co., authority to extend the date of maturity of first-mortgage bonds and to reduce the interest rate from 6 per cent to 5½ per cent, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

New York, New Haven & Hartford R. R. Co., authority to issue first and refunding mortgage bonds; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of N. Y., N. H. & H. R. R., 300.

Norfolk & Western Ry. Co., authority to issue first consolidated mortgage bonds; said bonds to be sold and the proceeds used solely for reimbursement of applicant's treasury for payment of matured underlying bonds, granted. Bonds of N. & W. Ry. Co., 254.

Northern Pacific Ry. Co., authority to issue refunding and improvement mortgage bonds, said bonds to be sold and the proceeds thereof used to redeem outstanding joint bonds of the applicant and the Great Northern Ry. Co., granted. Bonds of N. P. Ry., 583.

Northwestern Pacific R. R. Co., authority to issue first and refunding mortgage bonds by selling and delivering them to the Southern Pacific and Atchison, Topeka & Santa Fe Railway companies in reimbursement of advances made by those companies to enable applicant to redeem certain underlying bonds, granted. Bonds of N. W. P. R. R., 242.

Oregon Short Line R. R. Co., authority to issue and sell consolidated first-mortgage gold bonds, the proceeds thereof to be used to retire maturing bonds, granted. Bonds of O. S. L. R. R., 16.

Pittsburgh & Western R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

BONDS—Continued.

Pittsburgh Junction R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Portland Terminal Co., authority to issue first-mortgage gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.

Richmond Terminal Ry. Co., authority to issue first-mortgage guaranteed gold bonds, said bonds to be sold and the proceeds used to refund certain promissory notes, granted. Bonds of R. T. Ry., 143.

St. Louis-San Francisco Ry. Co.:

Authority to issue prior-lien mortgage gold bonds in substitution for an equal amount of similar bonds heretofore authenticated; part thereof to be sold and the remainder to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of St. L.-S. F. Ry., 558.

Proposed issue of prior-lien mortgage bonds for the purpose of refunding, paying, or purchasing or otherwise acquiring a like face amount of equipment notes, found not compatible with the interest of either the applicant or the public. Id. (560).

Schuylkill River East Side R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Southern Ry. Co., authority to issue development and general-mortgage gold bonds with sheets of coupons attached covering interest, said bonds to be sold and the proceeds used for the payment of maturing collateral gold notes outstanding in the hands of the public, the payment of a demand loan owed to the War Finance Corporation, and to reimburse its treasury for capital expenditures, granted. Bonds of S. Ry., 50.

Terminal R. R. Association of St. Louis:

Authority to issue general-mortgage bonds in payment for certain real estate in the city of St. Louis, Mo., purchased for certain corporate purposes, granted. Bonds of T. R. R. A. of St. L., 35.

Authority to issue general-mortgage bonds in part payment for certain real estate in the city of St. Louis, Mo., purchased for the development of passenger facilities, granted. Bonds of T. R. R. A. of St. L., 811.

Toledo Terminal R. R. Co., authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds in respect of additions and betterments, granted. Bonds of T. T. R. R., 490.

Union Pacific R. R. Co., authority to assume obligation and liability as guarantor in respect of consolidated first-mortgage bonds of the Oregon Short Line R. R. Co., and to issue temporary certificates or interim receipts pending the preparation of such bonds in definitive form, granted. Bonds of O. S. L. R. R., 16.

BONDS—Continued.**Virginian Ry. Co.:**

Authority to issue first-mortgage gold bonds, to reimburse its treasury for expenditures for additions and betterments; said bonds to be pledged as part collateral security for a note issued or to be issued to the Director General of Railroads, granted. Bonds of V. Ry., 883.

Authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Virginian Terminal Ry. Co.; to issue first-mortgage gold bonds, all or part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control, granted. Bonds of V. T. Ry., 875.

Virginian Terminal Ry. Co., authority to issue first-mortgage gold bonds, to be delivered to the Virginian Ry. Co., in reimbursement of advances made by it for additions and betterments to the property of the terminal company, granted. Bonds of V. T. Ry., 875.

Wheeling, Pittsburgh & Baltimore R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Wichita Falls & Southern R. R. Co., authority to issue first-mortgage gold bonds, said bonds to be sold and the proceeds used in part payment for construction and equipment and to discharge certain indebtedness, granted. Securities of W. F. & S. R. R., 694.

BOX CARS.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.

BRANCH LINES.**In General:**

Allocating revenues and expenses of a branch line on a mileage prorate basis is open to objection, if made use of as the sole test, where it appears that the mileage of the branch constitutes a very small proportion of the total system mileage. Abandonment of Part of Branch Line by N. P. Ry., 169.

The line of demarcation between a spur track and a branch line of railroad, discussed. Public-Convenience Application of A. & S. A. B. Ry., 784 (792).

Abandonment:

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate of public convenience and necessity authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish, but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. Public-Convenience Application of A. & S. A. B. Ry., 784.

BRANCH LINES—Continued.**Abandonment—Continued.****Baltimore & Ohio R. R. Co.:**

Certificate of public convenience and necessity authorizing the abandonment of its Magnolia branch in Carroll and Stark Counties, Ohio, issued. The condition of the branch is such that it will require rebuilding, including the renewal of a bridge; the future holds no prospect of revenue-producing tonnage; and the territory served has other ample railroad facilities. Abandonment of Branch Line by B. & O. R. R., 386.

Certificate of public convenience and necessity authorizing the abandonment of its Pigeon Run branch in Stark County, Ohio, issued. There are no cities, towns, or villages located on the line, no passenger trains have ever been run, and no scheduled freight service has been maintained. The coal lands, which the branch was primarily built to serve, have been worked out and the mines have been closed and dismantled. The branch is in poor physical condition and is now used only for the storage of cars. Abandonment of Branch Line by B. & O. R. R., 389.

Bangor & Aroostook R. R. Co., as to interstate and foreign commerce certificate of public convenience and necessity authorizing the abandonment of a portion of a branch line located in Piscataquis County, Me., issued. Traffic on which the branch has been dependent is now practically nonexistent, agricultural development of the territory served has been unimportant, that portion of the branch proposed to be abandoned is paralleled by a fairly good highway, and sufficient traffic will not develop to justify continued operations in view of substantial financial losses involved. Public-Convenience Certificate to B. & A. R. R., 579.

Columbus & Greenville R. R. Co., certificate of public convenience and necessity authorizing the abandonment of the Percy and Webb branches in Washington, Leflore, and Tallahatchie Counties, Miss., issued. Territory traversed by these branches is also served by the Yazoo & Mississippi Valley, which can and does adequately meet the transportation requirements of the communities served. For several years these branches have been operated at a loss and continued operation jeopardizes the continuance of operation of the main line. Abandonment of Branch Lines of C. & G. R. R., 725.

Escanaba & Lake Superior R. R. Co., certificate of public convenience and necessity authorizing the abandonment as to interstate and foreign commerce of a branch line located in Marquette and Dickinson Counties, Mich., issued. Line was constructed for the purpose of hauling forest products the supply of which has been exhausted. The territory tributary to the line has no population and it does not appear probable that there will be any settlers for a number of years. Abandonment of Part of Branch Line by E. & L. S. R. R., 816.

BONDS—Continued.

Central of Georgia Ry. Co., authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security, in whole or in part, for advances under section 209 of the transportation act, 1920, for loans under section 210 thereof, or for any notes which may be issued under paragraph (9) of section 20a of the interstate commerce act, granted. Bonds of C. of G. Ry., 600.

Central R. R. Co. of New Jersey, authority to procure authentication and delivery to its treasurer of equipment bonds, in connection with the procurement of locomotives, passenger coaches, combination cars, and baggage-and-express cars, granted. Equipment Bonds of C. R. R. Co. of N. J., 729.

Chicago & North Western Ry. Co., authority to sell general mortgage gold bonds which are now held in its treasury to reimburse its treasury for moneys expended out of income for additions and betterments and on account of the retirement of certain underlying bonds, granted. Bonds of C. & N. W. Ry., 821.

Chicago & Western Indiana R. R. Co., authority to issue consolidated-mortgage gold bonds to be delivered to applicant's tenants in repayment of sinking fund advances, granted. Bonds of C. & W. I. R. R., 102.

Chicago, Burlington & Quincy R. R. Co., upon supplemental application, original report, 67 I. C. C., 156, authority to issue first and refunding mortgage bonds under a proposed mortgage; said bonds to be sold and the proceeds used for capital purposes, granted. Bonds of C., B. & Q. R. R., 70.

Chicago, Indianapolis & Louisville Ry. Co., authority to procure authentication and delivery to its treasurer of first and general mortgage gold bonds; and to pledge and repledge, from time to time, until otherwise ordered, all or any part thereof as security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., I. & L. Ry., 74.

Chicago, Milwaukee & St. Paul Ry. Co., authority to assume obligation or liability, as guarantor, in respect of first-mortgage bonds of the Chicago, Milwaukee & Gary Ry. Co., by indorsing thereon its guaranty of the payment of the principal and interest; and, when so indorsed, said bonds to be redelivered to the St. Louis Union Trust Co., granted. Control of C., M. & G. Ry. by C., M. & St. P. Ry., 124.

Chicago, Rock Island & Pacific Ry. Co., authority to issue general-mortgage gold bonds and to deliver same to the trustee under its first and refunding mortgage; and to issue first and refunding mortgage gold bonds, all or part thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., R. I. & P. Ry., 80.

BONDS—Continued.

Chicago, St. Louis & New Orleans R. R. Co. and the Illinois Central R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue debenture gold bonds; said bonds to be sold and the proceeds used for enlargements, extensions, betterments, additions, and for the acquisition of additional equipment, granted. Bonds of C., St. P., M. & O. Ry., 808.

Cincinnati, Indianapolis & Western R. R. Co.:

Authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds, for the purpose of reimbursing its treasury for expenditures for capital purposes not heretofore capitalized, granted. Bonds of C., I. & W. R. R., 377.

Upon supplemental report, authority to pledge and repledge first-mortgage gold bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Former report 71 I. C. C., 377. Bonds of C., I. & W. R. R., 499.

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Assumption of Obligations by C., N. O. & T. P. Ry., 687.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to assume obligation and liability as guarantor in respect of the payment of principal and interest of first-mortgage bonds of the Evansville, Mount Carmel & Northern Ry. Co.; said bonds to be used for acquiring certain securities issued by the Peoria & Eastern Ry. Co., granted. Assumption of Obligations by Big Four, 690.

Cleveland Union Terminals Co., authority to issue and sell first-mortgage sinking-fund gold bonds, the proceeds to be used for capital purposes, granted. Securities of C. U. T. Co., 842.

Confluence & Oakland R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Delaware & Hudson Co., authority to issue gold bonds for the purpose of discharging and refunding existing obligations, and reimbursing its treasury for expenditures for additions and betterments and investment in affiliated companies; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.

Detroit, Toledo & Ironton R. R. Co., authority to issue first-mortgage gold bonds; said bonds to be sold and the proceeds used in reimbursement of expenditures made for additions and betterments, granted. Bonds of D., T. & I. R. R., 199.

BONDS—Continued.**Erie R. R. Co.:**

Authority to sell consolidated-mortgage extended bonds, and to pledge one-half, pending sale thereof, as security for any short-term notes which may be issued to the War Finance Corporation upon proper authorization, granted. Bonds of E. R. R. Co., 267.

Authority to pledge general-lien and convertible gold bonds, as security for one-year notes payable on demand, which may be issued to the War Finance Corporation upon proper authorization, granted. Id. (267).

Authority to pledge refunding and improvement mortgage gold bonds and Columbus & Erie R. R. Co. first-mortgage gold bonds, as substituted partial security for a loan from the United States, granted. Id. (267).

Authority to assume obligation and liability, as guarantor and lessee in respect of bonds of the New York, Lake Erie & Western Coal & R. R. Co., granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

Fairmont, Morgantown & Pittsburg R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Great Northern Ry. Co., authority to issue general-mortgage gold bonds, said bonds to be sold and the proceeds used for capital purposes, viz, to pay maturing indebtedness, acquire equipment, and make additions and betterments, granted. Bonds of G. N. Ry. 95.

Gulf & Northern Ry. Co., authority to issue first-mortgage gold bonds, said bonds to be delivered to the A., T. & S. F. Ry. Co. in satisfaction of a like amount of indebtedness of the applicant to that company which furnished most of the cash, material, and labor for the construction of applicant's line extending northward from Newton to Wiergate, Tex., granted. Bonds of G. & N. Ry., 859.

Illinois Central R. R. Co. and Chicago, St. Louis & New Orleans R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Jacksonville Terminal Co., authority to issue refunding and extension mortgage bonds, to be exchanged for a like amount of first and general mortgage bonds, and series B bonds, to be sold and the proceeds used for capital purposes, granted. Bonds of J. T. Co., 249.

Maine Central R. R. Co.:

Authority to issue first and refunding mortgage gold bonds, said bonds to be pledged as collateral security for a demand note to be issued to the Director General of Railroads, and ultimately to pledge all or any portion of the bonds with the director general as collateral security in connection with the funding of indebtedness to the United States in respect of additions and betterments made during Federal control, granted. Bonds of M. C. R. R., 147.

BONDS—Continued.**Maine Central R. R. Co.—Continued.**

Authority to assume obligation and liability as guarantor in respect of bonds to be issued by the Portland Terminal Co. and pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.

Midland Valley R. R. Co.:

Authority to issue first-mortgage gold bonds, said bonds to be sold, or to be pledged or repledged from time to time until otherwise ordered, as collateral security for any notes which may be issued within the limitations of paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 61.

Authority to issue first-mortgage gold bonds, said bonds to be sold or pledged and repledged as collateral security for short-term notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 566.

Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage bonds, and to pledge and repledge said bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. & St. L. R. R., 767.

Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to sell first refunding mortgage bonds, the proceeds to be used to pay taxes, interest, maturing indebtedness, and miscellaneous vouchers which are now or will become due, granted. Bonds of M., St. P. & S. S. M. Ry., 490.

Missouri & North Arkansas Ry. Co., authority to issue a first-mortgage gold bond, to be pledged with the Secretary of the Treasury as collateral security for a loan from the United States, authorized in 71 I. C. C., 395, granted. Securities of M. & N. A. Ry., 440.

Missouri-Illinois R. R. Co. authority to issue first-mortgage gold bonds, the proceeds to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service, granted. Bonds of M.-I. R. R., 461.

Missouri Pacific R. R. Co., authority to issue first and refunding mortgage 6 per cent bonds, part thereof to be sold and the proceeds used to retire maturing first and refunding mortgage 5 per cent bonds, and to reimburse its treasury for expenditures for additions and betterments not heretofore capitalized; to procure authentication and delivery to its treasurer of the remainder of such bonds which are to be held in the treasury until the further order of the commission; and to issue temporary certificates or interim receipts pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of M. P. R. R., 435.

Morgantown & Kingwood R. R. Co., authority to issue first-mortgage bonds for the purpose of refunding a like amount of matured first-mortgage bonds, granted. Bonds of M. & K. R. R., 452.

BONDS—Continued.

- New Orleans, Texas & Mexico Ry. Co., authority to procure authentication and delivery to its treasurer of first-mortgage bonds, and to issue certain other first-mortgage bonds, said bonds to be sold or pledged and repledged as collateral security for notes issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of N. O., T. & M. Ry., 562.
- New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to meet maturing notes and to pay indebtedness to the director general, for the cost of equipment and additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.
- New York, Chicago & St. Louis R. R. Co.:
- Authority to issue second and improvement mortgage gold bonds; and to pledge same as collateral security for a promissory note to be issued to the Director General of Railroads, granted. Bonds of N. Y., C. & St. L. R. R., 64.
 - Authority to pledge and repledge from time to time, until otherwise ordered, all or any part of second and improvement mortgage gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Id. (64).
- New York, Lake Erie & Western Coal & R. R. Co., authority to extend the date of maturity of first-mortgage bonds and to reduce the interest rate from 6 per cent to 5½ per cent, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.
- New York, New Haven & Hartford R. R. Co., authority to issue first and refunding mortgage bonds; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of N. Y., N. H. & H. R. R., 300.
- Norfolk & Western Ry. Co., authority to issue first consolidated mortgage bonds; said bonds to be sold and the proceeds used solely for reimbursement of applicant's treasury for payment of matured underlying bonds, granted. Bonds of N. & W. Ry. Co., 254.
- Northern Pacific Ry. Co., authority to issue refunding and improvement mortgage bonds, said bonds to be sold and the proceeds thereof used to redeem outstanding joint bonds of the applicant and the Great Northern Ry. Co., granted. Bonds of N. P. Ry., 583.
- Northwestern Pacific R. R. Co., authority to issue first and refunding mortgage bonds by selling and delivering them to the Southern Pacific and Atchison, Topeka & Santa Fe Railway companies in reimbursement of advances made by those companies to enable applicant to redeem certain underlying bonds, granted. Bonds of N. W. P. R. R., 242.
- Oregon Short Line R. R. Co., authority to issue and sell consolidated first-mortgage gold bonds, the proceeds thereof to be used to retire maturing bonds, granted. Bonds of O. S. L. R. R., 16.
- Pittsburgh & Western R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

BONDS—Continued.

Pittsburgh Junction R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Portland Terminal Co., authority to issue first-mortgage gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.

Richmond Terminal Ry. Co., authority to issue first-mortgage guaranteed gold bonds, said bonds to be sold and the proceeds used to refund certain promissory notes, granted. Bonds of R. T. Ry., 143.

St. Louis-San Francisco Ry. Co.:

Authority to issue prior-lien mortgage gold bonds in substitution for an equal amount of similar bonds heretofore authenticated; part thereof to be sold and the remainder to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of St. L.-S. F. Ry., 558.

Proposed issue of prior-lien mortgage bonds for the purpose of refunding, paying, or purchasing or otherwise acquiring a like face amount of equipment notes, found not compatible with the interest of either the applicant or the public. Id. (560).

Schuylkill River East Side R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Southern Ry. Co., authority to issue development and general-mortgage gold bonds with sheets of coupons attached covering interest, said bonds to be sold and the proceeds used for the payment of maturing collateral gold notes outstanding in the hands of the public, the payment of a demand loan owed to the War Finance Corporation, and to reimburse its treasury for capital expenditures, granted. Bonds of S. Ry., 50.

Terminal R. R. Association of St. Louis:

Authority to issue general-mortgage bonds in payment for certain real estate in the city of St. Louis, Mo., purchased for certain corporate purposes, granted. Bonds of T. R. R. A. of St. L., 35.

Authority to issue general-mortgage bonds in part payment for certain real estate in the city of St. Louis, Mo., purchased for the development of passenger facilities, granted. Bonds of T. R. R. A. of St. L., 811.

Toledo Terminal R. R. Co., authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds in respect of additions and betterments, granted. Bonds of T. T. R. R., 490.

Union Pacific R. R. Co., authority to assume obligation and liability as guarantor in respect of consolidated first-mortgage bonds of the Oregon Short Line R. R. Co., and to issue temporary certificates or interim receipts pending the preparation of such bonds in definitive form, granted. Bonds of O. S. L. R. R., 16.

BONDS—Continued.**Virginian Ry. Co.:**

Authority to issue first-mortgage gold bonds, to reimburse its treasury for expenditures for additions and betterments; said bonds to be pledged as part collateral security for a note issued or to be issued to the Director General of Railroads, granted. Bonds of V. Ry., 383.

Authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Virginian Terminal Ry. Co.; to issue first-mortgage gold bonds, all or part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control, granted. Bonds of V. T. Ry., 875.

Virginian Terminal Ry. Co., authority to issue first-mortgage gold bonds, to be delivered to the Virginian Ry. Co., in reimbursement of advances made by it for additions and betterments to the property of the terminal company, granted. Bonds of V. T. Ry., 875.

Wheeling, Pittsburgh & Baltimore R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Wichita Falls & Southern R. R. Co., authority to issue first-mortgage gold bonds, said bonds to be sold and the proceeds used in part payment for construction and equipment and to discharge certain indebtedness, granted. Securities of W. F. & S. R. R., 694.

BOX CARS.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.

BRANCH LINES.**In General:**

Allocating revenues and expenses of a branch line on a mileage prorate basis is open to objection, if made use of as the sole test, where it appears that the mileage of the branch constitutes a very small proportion of the total system mileage. Abandonment of Part of Branch Line by N. P. Ry., 169.

The line of demarcation between a spur track and a branch line of railroad, discussed. Public-Convenience Application of A. & S. A. B. Ry., 784 (792).

Abandonment:

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate of public convenience and necessity authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish, but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. Public-Convenience Application of A. & S. A. B. Ry., 784.

BRANCH LINES—Continued.**Abandonment—Continued.****Baltimore & Ohio R. R. Co.:**

Certificate of public convenience and necessity authorizing the abandonment of its Magnolia branch in Carroll and Stark Counties, Ohio, issued. The condition of the branch is such that it will require rebuilding, including the renewal of a bridge; the future holds no prospect of revenue-producing tonnage; and the territory served has other ample railroad facilities. Abandonment of Branch Line by B. & O. R. R., 386.

Certificate of public convenience and necessity authorizing the abandonment of its Pigeon Run branch in Stark County, Ohio, issued. There are no cities, towns, or villages located on the line, no passenger trains have ever been run, and no scheduled freight service has been maintained. The coal lands, which the branch was primarily built to serve, have been worked out and the mines have been closed and dismantled. The branch is in poor physical condition and is now used only for the storage of cars. Abandonment of Branch Line by B. & O. R. R., 389.

Bangor & Aroostook R. R. Co., as to interstate and foreign commerce certificate of public convenience and necessity authorizing the abandonment of a portion of a branch line located in Piscataquis County, Me., issued. Traffic on which the branch has been dependent is now practically nonexistent, agricultural development of the territory served has been unimportant, that portion of the branch proposed to be abandoned is paralleled by a fairly good highway, and sufficient traffic will not develop to justify continued operations in view of substantial financial losses involved. Public-Convenience Certificate to B. & A. R. R., 579.

Columbus & Greenville R. R. Co., certificate of public convenience and necessity authorizing the abandonment of the Percy and Webb branches in Washington, Leflore, and Tallahatchie Counties, Miss., issued. Territory traversed by these branches is also served by the Yazoo & Mississippi Valley, which can and does adequately meet the transportation requirements of the communities served. For several years these branches have been operated at a loss and continued operation jeopardizes the continuance of operation of the main line. Abandonment of Branch Lines of C. & G. R. R., 725.

Escanaba & Lake Superior R. R. Co., certificate of public convenience and necessity authorizing the abandonment as to interstate and foreign commerce of a branch line located in Marquette and Dickinson Counties, Mich., issued. Line was constructed for the purpose of hauling forest products the supply of which has been exhausted. The territory tributary to the line has no population and it does not appear probable that there will be any settlers for a number of years. Abandonment of Part of Branch Line by E. & L. S. R. R., 816.

BRANCH LINES—Continued.**Abandonment—Continued.**

Great Northern Ry. Co., certificate of public convenience authorizing the abandonment of that portion of a branch line extending from Northport, Wash., to Rossland, B. C., located in Stevens County, Wash., issued. Branch was constructed for purpose of transporting ore from Rossland to smelter at Northport; such smelter has been closed and there has been practically no ore traffic since; resumption of ore movement over this branch is improbable; agricultural development in the tributary territory has been small; and, while the territory traversed is heavily timbered, there is no evidence to show when, if ever, the standing timber will be cut and marketed. Public-Convenience Certificate to G. N. Ry., 26.

Lehigh Valley R. R. Co., certificate authorizing the abandonment of a branch line in Sullivan and Wyoming Counties, Pa., extending from Ganoga Lake to Ricketts, issued. Branch line was built for the purpose of developing the timber resources in the territory served. All of such timber has been cut. An ice business subsequently established at Ganoga Lake has also been entirely discontinued and the machinery removed. No traffic is at present being hauled over this branch and the country tributary thereto is wild, detimbered mountain land. Abandonment of Branch Line by L. V. R. R., 150.

Live Oak, Perry & Gulf R. R. Co., certificate of public convenience and necessity authorizing the abandonment of a branch line in Taylor County, Fla., extending from a connection with its main line at Murat Junction to Murat, issued. Branch was built largely for the purpose of furnishing transportation for the output of a turpentine industry at Murat, which has been abandoned. No industry is served by the branch and there are no settlers dependent upon it for transportation; the territory traversed is either timber land or cut-over land; and no train has been operated over this branch for about eight years. Abandonment of Branch Line by L. O., P. & G. R. R. Co., 133.

Louisville & Nashville R. R. Co., proposed abandonment of a portion of a branch line extending from West Point to Pinkney, in Lawrence County, Tenn., held not justified. Proposed abandonment would preclude the possibility of the further development of the ore beds in the vicinity of Pinkney; would tend to destroy the lumbering industry at that point; and would deprive a considerable community of the benefits of direct railroad service. Abandonment of Part of Branch Line by L. & N. R. R., 225.

Manistique & Lake Superior R. R. Co., certificate of public convenience and necessity authorizing the abandonment of interstate and foreign commerce on a branch line extending from Scott to the station of Doyles Wye, Schoolcraft County, Mich., issued. Branch was built primarily as a logging road; forest products which produced the only source of revenue have been exhausted; there are no towns or villages located on the line; and there is no prospect of increase in traffic in the near future that would justify continued operation. Abandonment of Branch Line by M. & L. S. R. R., 329.

BRANCH LINES—Continued.**Abandonment—Continued.**

Northern Pacific Ry. Co., certificate of public convenience and necessity authorizing the abandonment of that portion of a branch line extending from Coda to Washburn, Wis., issued. Sufficient traffic is available over that portion of the branch between Iron River and Coda to justify its retention until after the lapse of a reasonable experimental period to determine whether the public is making sufficient use thereof to justify its further retention in service.

Abandonment of Part of Branch Line by N. P. Ry., 169.

BURDEN OF PROOF.

The commission is without authority to certify any amount for payment under section 204 of the transportation act, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation, and the burden rests upon a claimant to establish its status under that section. Deficit Claim of Allegheny & S. S. Ry., 90 (91).

CAPITAL EXPENDITURES.

Chicago, Burlington & Quincy R. R. Co., upon supplemental application, original report, 67 I. C. C., 156, authority to issue first and refunding mortgage bonds under a proposed mortgage, said bonds to be sold and the proceeds used for capital purposes, granted. Bonds of C., B. & Q. R. R., 70.

Cincinnati, Indianapolis & Western R. R. Co., authority to procure authentication and delivery to applicant's treasurer of first-mortgage gold bonds, for the purpose of reimbursing its treasury for expenditures for capital purposes not heretofore capitalized, granted. Bonds of C., I. & W. R. R., 377.

Cleveland Union Terminals Co., authority to issue and sell common capital stock and first-mortgage sinking-fund gold bonds, the proceeds to be used for capital purposes, granted. Securities of C. U. T. Co., 842.

Great Northern Ry. Co., authority to issue general-mortgage gold bonds, said bonds to be sold and the proceeds used for capital purposes, viz, to pay maturing indebtedness, to acquire equipment, and to make additions and betterments, granted. Bonds of G. N. Ry., 95.

Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to sell first refunding mortgage bonds, the proceeds to be used to pay taxes, interest, maturing indebtedness, and miscellaneous vouchers which are now or will become due, granted. Bonds of M., St. P. & S. S. M. Ry., 490.

Southern Ry. Co., authority to issue development and general mortgage gold bonds with sheets of coupons attached covering interest, said bonds to be sold and part of the proceeds used to reimburse its treasury for capital expenditures, granted. Bonds of S. Ry., 50.

CAPITAL STOCK. See Stocks.**"CARRIER."**

In General: Commission has no jurisdiction over a proposed assumption of obligations and liabilities by a carrier which is a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act. Securities of Seaboard-Bay Line Co., 501 (502).

"CARRIER"—Continued.

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction to authorize a proposed assumption of obligations and liabilities by it. Securities of Seaboard-Bay Line Co., 501 (502-503).

CERTIFICATES OF INDEBTEDNESS.

Toledo Terminal R. R. Co., authority to issue certificates of indebtedness, to be delivered to its proprietary companies for the purpose of evidencing indebtedness to those companies for advances made in respect of the payment of interest on outstanding bonds, granted. Certificates of Indebtedness of Toledo Terminal, 39.

COLLATERAL SECURITY. See **SECURITY.**

COMMON CARRIER.

Allegheny & South Side Ry. Co.:

Held not to be subject to the provisions of section 204 of the transportation act, 1920, relating to reimbursement of deficits. Applicant is not a common carrier subject to the interstate commerce act and was not during any part of the Federal control period a common carrier engaged in general transportation. Deficit Claim of A. & S. S. Ry., 90.

Held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the interstate commerce act, and was not during any part of the Federal control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction over a proposed assumption of obligations and liabilities by it. Securities of Seaboard-Bay Line Co., 501 (502-503).

COMMON STOCKS. See **Stocks.**

CONGESTION.

Where the acquisition of control, or the lease, of one carrier by another would clearly facilitate the movement of traffic through a highly congested district, the circumstances that other carriers would suffer a loss of revenue is not controlling. Chicago Junction Case, 631 (638).

CONSOLIDATION. See also **ACQUISITION OF CONTROL.**

Telephone Companies:

Chesapeake & Potomac Telephone Co. of Baltimore City, certificate of advantage and public interest authorizing the acquisition of the Cumberland Valley Telephone Co. of Baltimore City, issued. Proposed transaction will eliminate duplicated stations and reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

Chesapeake & Potomac Telephone Co. of West Virginia, certificate of advantage and public interest authorizing acquisition of the Cumberland Valley Telephone Co. of Baltimore City, issued. Proposed transaction will eliminate duplicated stations and reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

CONSOLIDATION—Continued.**Telephone Companies—Continued.**

Citizens Independent Telephone Co., certificate certifying that acquisition by the Perry County Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. No good reason exists for the maintenance of duplicate exchanges in the same municipality, and the public can be better and more economically served by a single exchange. Acquisition of Property of C. I. T. Co. by P. C. T. Co., 46.

Cumberland Valley Telephone Co. of Baltimore City, certificate of advantage and public interest authorizing the acquisition by the Chesapeake & Potomac Telephone Co. of Baltimore City and the Chesapeake & Potomac Telephone Co. of West Virginia, issued. Proposed transaction will eliminate duplicate stations and reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

Michigan State Telephone Co., certificate of advantage and public interest authorizing the acquisition of the Valley Home Telephone Co., issued. Proposed unified service will be an economic benefit to the telephone-using public, not only at points where there is now duplication, but also at noncompetitive exchanges of the Home Co., since subscribers at those exchanges will have the benefit of the wide range of toll service which will be available over the Bell lines. Valley Home and Michigan State Tel. Cos. Consolidated, 257.

Ohio Bell Telephone Co., certificate certifying that the acquisition of the property of the Sandusky Home Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. Proposed acquisition is the only feasible method of eliminating present unsatisfactory duplicated service. Acquisition of Property of S. H. Tel. Co., 48.

Perry County Telephone Co., certificate certifying that the acquisition of the Citizens Independent Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. No good reason exists for the maintenance of duplicate exchanges in the same municipality, and the public can be better and more economically served by a single exchange. Acquisition of Property of C. I. T. Co. by P. C. T. Co., 46.

Sandusky Home Telephone Co., certificate certifying that acquisition by the Ohio Bell Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. Proposed acquisition is the only feasible method of eliminating present unsatisfactory duplicated service. Acquisition of Property of S. H. Tel. Co., 48.

Valley Home Telephone Co., certificate of advantage and public interest authorizing acquisition by the Michigan State Telephone Co., issued. Proposed unified service will be an economic benefit to the telephone-using public, not only at points where there is now duplication, but also at noncompetitive exchanges of the Home Co., since subscribers at those exchanges will have the benefit of the wide range of toll service which will be available over the Bell lines. Valley Home and Michigan State Tel. Cos. Consolidated, 257.

CONSTITUTIONALITY.

While the commission may not with propriety decide that an act of Congress is unconstitutional, it must as clearly avoid any suggested construction of a statute which would render it ineffectual and adopt a construction, when called upon to construe it, which will sustain it, if such a construction is reasonable and consonant with the language employed. *Public-Convenience Application of D. & N. M. Ry.*, 795 (799). Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation by the Supreme Court in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. *Id.* (799).

CONSTRUCTION OF STATUTE.

The statute makes no provision for a conditional acceptance of the guaranty provision under section 209 of the transportation act, 1920. The duty and obligation of determining railway operating income for the test and guaranty periods is imposed upon the commission and it is required to make such determination in accordance with rules laid down in the section. If a "condition" merely contemplates the application of some rule in the statute, it might be treated as surplusage, but it is invalid if it attempts to control the computation of income in a manner not contemplated by the statute. *Guaranty Status of Potato Creek R. R.*, 457.

The commission can not construe the act as imposing the stupendous and seemingly impractical task of analysis of every means of financing equipment for all carriers, or as precluding it from determining the most appropriate method for financing the equipment needs of a single carrier. This seems particularly true if the commission is to consider the purposes of loans under section 210 as limited by the necessities of the period immediately following the termination of Federal control. *Loan to Seaboard-Bay Line*, 464 (468).

Congress obviously did not intend to exclude all electric railways from the operation of section 20a of the act. If a carrier were to completely electrify its system, it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. *Proposed Control of Sacramento Northern by W. P. R. R.*, 653 (657).

The term "public convenience and necessity" implies both convenience and necessity, since the words are not synonymous but must be given a separate and distinct meaning. Necessity does not exist unless the inconvenience would be so great as to amount to an unreasonable burden on the community. The words imply an urgent, immediate public need. *Public-Convenience Application of A. & S. A. B. Ry.*, 784 (792).

CONSTRUCTION OF STATUTE—Continued.

Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation by the Supreme Court in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. Public-Convenience Application of D. & N. M. Ry., 795 (799).

While the commission may not with propriety decide that an act of Congress is unconstitutional, it must as clearly avoid any suggested construction of a statute which would render it ineffectual and adopt a construction, when called upon to construe it, which will sustain it, if such a construction is reasonable and consonant with the language employed. *Id.* (799).

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expenses of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. *Id.* (799).

CONTRACT.

Illinois Central R. R. Co., authority to execute an evidence of indebtedness in the form of an agreement for the lease and purchase of refrigerator cars from the Pullman Co., granted. Equipment Lease of I. C. R. R., 406.

CONTRIBUTIONS OF PRIVATE CAPITAL. *See* PRIVATE CAPITAL.

CONVENIENCE AND NECESSITY.

In General: The term "public convenience and necessity" implies both convenience and necessity since the words are not synonymous but must be given a separate and distinct meaning. Necessity does not exist unless the inconvenience would be so great as to amount to an unreasonable burden on the community. The words imply an urgent, immediate public need. Public Convenience Application of A. & S. A. B. Ry., 784 (792).

Abandonment:

In General—

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expense of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. *Id.* (799).

CONVENIENCE AND NECESSITY—Continued.**Abandonment—Continued.****In General—Continued.**

Past earnings and probable future earnings are evidentiary facts which enable the commission to make a finding under which an appropriate certificate for abandonment may be granted. It is not the commission's duty to make a finding with respect to a bare need for the service unaffected by how far that need is evidenced by the payment forthcoming for the service rendered. *Id.* (800).

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish, but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. Public-Convenience Application of A. & S. A. B. Ry., 784.

Baltimore & Ohio R. R. Co.:

Certificate authorizing the abandonment of its Magnolia branch in Carroll and Stark Counties, Ohio, issued. The condition of the branch is such that it will require rebuilding, including the renewal of a bridge; the future holds no prospect of revenue-producing tonnage; and the territory served has other ample railroad facilities. Abandonment of Branch Line by B. & O. R. R., 386.

Certificate authorizing the abandonment of its Pigeon Run branch in Stark County, Ohio, issued. There are no cities, towns, or villages located on the line; no passenger trains have ever been run and no scheduled freight service has been maintained. The coal lands, which the branch was primarily built to serve, have been worked out and the mines have been closed and dismantled. The branch is in poor physical condition and is now used only for the storage of cars. Abandonment of Branch Line by B. & O. R. R., 389.

Bangor & Aroostook R. R. Co., certificate authorizing the abandonment of a portion of a branch line located in Piscataquis County, Me., issued. Traffic on which the branch has been dependent is now practically nonexistent, agricultural development of the territory served has been unimportant, that portion of the branch proposed to be abandoned is paralleled by a fairly good highway, and, sufficient traffic will not develop to justify continued operations in view of substantial financial losses involved. Public Convenience Certificate to B. & A. R. R., 579.

Chesapeake & Ohio Ry. Co., certificate authorizing the abandonment of a ferry operated across the Ohio River between Russell, Ky., and Ironton, Ohio, constituting a portion of applicant's line of railroad, issued. A new highway bridge has been constructed between these points, and vehicular and passenger traffic heretofore making use of the ferry will use the bridge. Abandonment of Ferry by C. & O. Ry., 450.

CONVENIENCE AND NECESSITY—Continued.**Abandonment—Continued.**

Chicago & Eastern Illinois R. R. Co., certificate authorizing the abandonment of its Chicago & Indiana Coal Railway division, issued. The territory traversed is not productive of sufficient traffic to justify its operation as an independent line and there is no reasonable expectation that the territory ever will produce sufficient tonnage to enable the property to pay operating expenses. The road does not possess any equipment and is without funds to purchase equipment or meet the losses from operation. Abandonment of Line by C. & E. I. R. R., 609.

Columbus & Greenville R. R. Co., certificate authorizing the abandonment of the Percy and Webb branches in Washington, Leflore, and Tallahatchie Counties, Miss., issued. Territory traversed by these branches is also served by the Yazoo & Mississippi Valley which can and does adequately meet the transportation requirements of the communities served. For several years these branches have been operated at a loss and continued operation jeopardizes the continuance of operation of the main line. Abandonment of Branch Lines of C. & G. R. R., 725.

Duluth & Northern Minnesota Ry. Co., on rehearing, conclusion in former report, 70 I. C. C., 184, that a certificate should issue authorizing the abandonment of a line of railroad in St. Louis, Lake, and Cook Counties, Minn., affirmed. Public-Convenience Application of D. & N. M. Ry., 795.

Escanaba & Lake Superior R. R. Co., certificate authorizing the abandonment of a branch line located in Marquette and Dickinson Counties, Mich., issued. Line was constructed for the purpose of hauling forest products, the supply of which has been exhausted. The territory tributary to the line has no population, and it does not appear probable that there will be any settlers for a number of years. Abandonment of Part of Branch Line by E. & L. S. R. R., 816.

Great Northern Ry. Co., certificate authorizing the abandonment of that portion of a branch line extending from Northport, Wash., to Rossland, B. C., located in Stevens County, Wash., issued. Branch was constructed for purpose of transporting ore from Rossland to smelter at Northport; such smelter has been closed and there has been practically no ore traffic since; resumption of ore movement over this branch is improbable; agricultural development in the tributary territory has been small; and, while the territory traversed is heavily timbered, there is no evidence to show when, if ever, the standing timber will be cut and marketed. Public-Convenience Certificate to G. N. Ry., 26.

Lehigh Valley R. R. Co., certificate authorizing the abandonment of a branch line in Sullivan and Wyoming Counties, Pa., extending from Ganoga Lake to Ricketts, issued. Branch line was built for the purpose of developing the timber resources in the territory served. All of such timber has been cut. An ice business subsequently established at Ganoga Lake has also been entirely discontinued and the machinery removed. No traffic is at present being hauled over this branch and the country tributary thereto is wild, detimbered mountain land. Abandonment of Branch Line by L. V. R. R., 150.

CONVENIENCE AND NECESSITY—Continued.

Abandonment—Continued.

Live Oak, Perry & Gulf R. R. Co., certificate authorizing the abandonment of a branch line in Taylor County, Fla., extending from a connection with its main line at Murat Junction to Murat, issued. Branch was built largely for the purpose of furnishing transportation for the output of a turpentine industry at Murat. Turpentine camp has been abandoned; no industry is served by the branch and there are no settlers dependent upon it for transportation; the territory traversed is either timber land or cut-over land; and no train has been operated over this branch for about eight years. Abandonment of Branch Line by L. O., P. & G. R. R. Co., 133.

Louisville & Nashville R. R. Co., proposed abandonment of a portion of a branch line extending from West Point to Pinkney, in Lawrence County, Tenn., held not justified. Proposed abandonment would preclude the possibility of the further development of the ore beds in the vicinity of Pinkney; would tend to destroy the lumbering industry at that point; and would deprive a considerable community of the benefits of direct railroad service. Abandonment of Part of Branch Line by L. & N. R. R., 225.

Manistique & Lake Superior R. R. Co., certificate authorizing the abandonment of a branch line extending from Scott to the station of Doyles Wye, Schoolcraft County, Mich., issued. Branch was built primarily as a logging road; forest products which produced the only source of revenue have been exhausted; there are no towns or villages located on the line; and there is no prospect of increase in traffic in the near future that would justify continued operation. Abandonment of Branch Line by M. & L. S. R. R., 329.

Morenci Southern Ry. Co., certificate authorizing the abandonment of its railroad in Greenlee County, Ariz., issued. Line has operated at a loss for several years, and traffic has been steadily decreasing. Abandonment of Line by M. S. Ry., 589.

Northern Pacific Ry. Co., certificate authorizing the abandonment of that portion of a branch line extending from Coda to Washburn, Wis., issued. Sufficient traffic is available over that portion of the branch between Iron River and Coda to justify its retention until after the lapse of a reasonable experimental period to determine whether the public is making sufficient use thereof to justify its further retention in service. Abandonment of Part of Branch Line by N. P. Ry., 169.

Zwolle & Eastern Ry. Co., certificate authorizing the abandonment of its line of railroad in Sabine Parish, La., issued. Line was built for the purpose of developing the timber resources in the territory served; owing to the exhaustion of the forests the industries served have closed and dismantled their plants; no traffic of any kind is being offered and there is no possibility of any being developed; and, no community, firm, or individual will suffer any damage or inconvenience by reason of such abandonment. Abandonment of Z. & E. Ry., 193.

CONVENIENCE AND NECESSITY—Continued.**Acquisition of Control:**

Georgia, Ashburn, Sylvester & Camilla Ry. Co., certificate authorizing the acquisition and operation of a line of railroad extending from Ashburn to Camilla, Ga., formerly operated as a part of the Hawkinsville & Florida Southern Ry., the abandonment of which was authorized in 70 I. C. C., 566, issued. It is claimed that future operation will be attended by increased revenues and decreased operating expenses, and will show net earnings sufficient to provide a fair return upon capitalization. The people who are dependent upon the line for transportation facilities desire to preserve the service and are prepared to finance the plan and thus assume the burden. Public-Convenience Certificate to G., A., S. & C. Ry., 616.

Tuckaseegee & Southeastern Ry. Co., certificate authorizing the acquisition and operation of a line of railroad extending from Sylva to Blackwood, in Jackson County, N. C., issued. Operation of this line would serve the public interest by giving rail transportation to a section heretofore lacking such facilities and by making possible the development of large areas of timberlands. Public-Convenience Certificate to T. & S. E. Ry., 818.

Extension of Line:

Dodge City & Cimarron Valley Ry. Co., certificate authorizing the construction of an extension in Haskell, Grant, and Stanton Counties, Kans., issued. Proposed extension would develop sufficient traffic to justify its construction and the public interest would be served by giving rail transportation to a large region, remote from existing lines, whose agricultural possibilities can not well be developed without it. Public-Convenience Certificate to D. C. & C. V. Ry., 195.

Gulf Ports Terminal Ry. Co., on further hearing, construction of an extension in Baldwin and Mobile Counties, Ala., held not to be within provisions of paragraph (18) of section 1 of the act, and no certificate is required. Proposed extension was begun prior to enactment of the transportation act, 1920, and there is nothing to indicate that the construction of the extension was ever definitely abandoned. Original report, 70 I. C. C., 358. Construction Application of Gulf Ports Terminal Ry., 759.

Oregon Short Line R. R. Co., certificate authorizing the construction of an extension of its Homedale branch in Owyhee County, Idaho, issued. Proposed extension would serve an area of irrigated farm lands which have been under cultivation, and while considered by itself, might not prove remunerative in its early years, it will serve as a valuable feeder to applicant's main line and by providing necessary transportation facilities will develop a territory which is not at present reached directly by any line of railroad. Public-Convenience Certificate to O. S. L., 571.

Wichita Falls & Oklahoma Ry. Co., certificate authorizing the construction of an extension from Byers, Clay County, Tex., to a point on the Texas-Oklahoma State line, issued. Line does not connect with other railroads except at Wichita Falls and the proposed extension would give the Wichita Co. railroad connection with two lines of the Rock Island, one of which is a through line to Kansas City, Mo., and Chicago, Ill. Public-Convenience Certificate to W. F. & O. Ry., 699.

"CARRIER"—Continued.

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction to authorize a proposed assumption of obligations and liabilities by it. Securities of Seaboard-Bay Line Co., 501 (502-503).

CERTIFICATES OF INDEBTEDNESS.

Toledo Terminal R. R. Co., authority to issue certificates of indebtedness, to be delivered to its proprietary companies for the purpose of evidencing indebtedness to those companies for advances made in respect of the payment of interest on outstanding bonds, granted. Certificates of Indebtedness of Toledo Terminal, 39.

COLLATERAL SECURITY. See **SECURITY.**

COMMON CARRIER.

Allegheny & South Side Ry. Co.:

Held not to be subject to the provisions of section 204 of the transportation act, 1920, relating to reimbursement of deficits. Applicant is not a common carrier subject to the interstate commerce act and was not during any part of the Federal control period a common carrier engaged in general transportation. Deficit Claim of A. & S. S. Ry., 90.

Held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the interstate commerce act, and was not during any part of the Federal control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction over a proposed assumption of obligations and liabilities by it. Securities of Seaboard-Bay Line Co., 501 (502-503).

COMMON STOCKS. See **STOCKS.**

CONGESTION.

Where the acquisition of control, or the lease, of one carrier by another would clearly facilitate the movement of traffic through a highly congested district, the circumstances that other carriers would suffer a loss of revenue is not controlling. Chicago Junction Case, 631 (638).

CONSOLIDATION. See also **ACQUISITION OF CONTROL.**

Telephone Companies:

Chesapeake & Potomac Telephone Co. of Baltimore City, certificate of advantage and public interest authorizing the acquisition of the Cumberland Valley Telephone Co. of Baltimore City, issued. Proposed transaction will eliminate duplicated stations and reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

Chesapeake & Potomac Telephone Co. of West Virginia, certificate of advantage and public interest authorizing acquisition of the Cumberland Valley Telephone Co. of Baltimore City, issued. Proposed transaction will eliminate duplicated stations and reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

CONSOLIDATION—Continued.**Telephone Companies—Continued.**

Citizens Independent Telephone Co., certificate certifying that acquisition by the Perry County Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. No good reason exists for the maintenance of duplicate exchanges in the same municipality, and the public can be better and more economically served by a single exchange. Acquisition of Property of C. I. T. Co. by P. C. T. Co., 46.

Cumberland Valley Telephone Co. of Baltimore City, certificate of advantage and public interest authorizing the acquisition by the Chesapeake & Potomac Telephone Co. of Baltimore City and the Chesapeake & Potomac Telephone Co. of West Virginia, issued. Proposed transaction will eliminate duplicate stations and reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

Michigan State Telephone Co., certificate of advantage and public interest authorizing the acquisition of the Valley Home Telephone Co., issued. Proposed unified service will be an economic benefit to the telephone-using public, not only at points where there is now duplication, but also at noncompetitive exchanges of the Home Co., since subscribers at those exchanges will have the benefit of the wide range of toll service which will be available over the Bell lines. Valley Home and Michigan State Tel. Cos. Consolidated, 257.

Ohio Bell Telephone Co., certificate certifying that the acquisition of the property of the Sandusky Home Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. Proposed acquisition is the only feasible method of eliminating present unsatisfactory duplicated service. Acquisition of Property of S. H. Tel. Co., 48.

Perry County Telephone Co., certificate certifying that the acquisition of the Citizens Independent Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. No good reason exists for the maintenance of duplicate exchanges in the same municipality, and the public can be better and more economically served by a single exchange. Acquisition of Property of C. I. T. Co. by P. C. T. Co., 46.

Sandusky Home Telephone Co., certificate certifying that acquisition by the Ohio Bell Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. Proposed acquisition is the only feasible method of eliminating present unsatisfactory duplicated service. Acquisition of Property of S. H. Tel. Co., 48.

Valley Home Telephone Co., certificate of advantage and public interest authorizing acquisition by the Michigan State Telephone Co., issued. Proposed unified service will be an economic benefit to the telephone-using public, not only at points where there is now duplication, but also at noncompetitive exchanges of the Home Co., since subscribers at those exchanges will have the benefit of the wide range of toll service which will be available over the Bell lines. Valley Home and Michigan State Tel. Cos. Consolidated, 257.

CONSTITUTIONALITY.

While the commission may not with propriety decide that an act of Congress is unconstitutional, it must as clearly avoid any suggested construction of a statute which would render it ineffectual and adopt a construction, when called upon to construe it, which will sustain it, if such a construction is reasonable and consonant with the language employed. Public-Convenience Application of D. & N. M. Ry., 795 (799). Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation by the Supreme Court in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. *Id.* (799).

CONSTRUCTION OF STATUTE.

The statute makes no provision for a conditional acceptance of the guaranty provision under section 209 of the transportation act, 1920. The duty and obligation of determining railway operating income for the test and guaranty periods is imposed upon the commission and it is required to make such determination in accordance with rules laid down in the section. If a "condition" merely contemplates the application of some rule in the statute, it might be treated as surplusage, but it is invalid if it attempts to control the computation of income in a manner not contemplated by the statute. Guaranty Status of Potato Creek R. R., 457.

The commission can not construe the act as imposing the stupendous and seemingly impractical task of analysis of every means of financing equipment for all carriers, or as precluding it from determining the most appropriate method for financing the equipment needs of a single carrier. This seems particularly true if the commission is to consider the purposes of loans under section 210 as limited by the necessities of the period immediately following the termination of Federal control. Loan to Seaboard-Bay Line, 464 (468).

Congress obviously did not intend to exclude all electric railways from the operation of section 20a of the act. If a carrier were to completely electrify its system, it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. Proposed Control of Sacramento Northern by W. P. R. R., 653 (657).

The term "public convenience and necessity" implies both convenience and necessity, since the words are not synonymous but must be given a separate and distinct meaning. Necessity does not exist unless the inconvenience would be so great as to amount to an unreasonable burden on the community. The words imply an urgent, immediate public need. Public-Convenience Application of A. & S. A. B. Ry., 784 (792).

CONSTRUCTION OF STATUTE—Continued.

Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation by the Supreme Court in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. Public-Convenience Application of D. & N. M. Ry., 795 (799).

While the commission may not with propriety decide that an act of Congress is unconstitutional, it must as clearly avoid any suggested construction of a statute which would render it ineffectual and adopt a construction, when called upon to construe it, which will sustain it, if such a construction is reasonable and consonant with the language employed. *Id.* (799).

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expenses of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. *Id.* (799).

CONTRACT.

Illinois Central R. R. Co., authority to execute an evidence of indebtedness in the form of an agreement for the lease and purchase of refrigerator cars from the Pullman Co., granted. Equipment Lease of I. C. R. R., 406.

CONTRIBUTIONS OF PRIVATE CAPITAL. See **PRIVATE CAPITAL.**

CONVENIENCE AND NECESSITY.

In General: The term "public convenience and necessity" implies both convenience and necessity since the words are not synonymous but must be given a separate and distinct meaning. Necessity does not exist unless the inconvenience would be so great as to amount to an unreasonable burden on the community. The words imply an urgent, immediate public need. Public Convenience Application of A. & S. A. B. Ry., 784 (792).

Abandonment:**In General—**

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expense of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. Public Convenience Application of D. & N. M. Ry., 795 (799).

CONVENIENCE AND NECESSITY—Continued.**Abandonment—Continued.****In General—Continued.**

Past earnings and probable future earnings are evidentiary facts which enable the commission to make a finding under which an appropriate certificate for abandonment may be granted. It is not the commission's duty to make a finding with respect to a bare need for the service unaffected by how far that need is evidenced by the payment forthcoming for the service rendered. *Id.* (800).

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish, but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. Public-Convenience Application of A. & S. A. B. Ry., 784.

Baltimore & Ohio R. R. Co.:

Certificate authorizing the abandonment of its Magnolia branch in Carroll and Stark Counties, Ohio, issued. The condition of the branch is such that it will require rebuilding, including the renewal of a bridge; the future holds no prospect of revenue-producing tonnage; and the territory served has other ample railroad facilities. Abandonment of Branch Line by B. & O. R. R., 386.

Certificate authorizing the abandonment of its Pigeon Run branch in Stark County, Ohio, issued. There are no cities, towns, or villages located on the line; no passenger trains have ever been run and no scheduled freight service has been maintained. The coal lands, which the branch was primarily built to serve, have been worked out and the mines have been closed and dismantled. The branch is in poor physical condition and is now used only for the storage of cars. Abandonment of Branch Line by B. & O. R. R., 389.

Bangor & Aroostook R. R. Co., certificate authorizing the abandonment of a portion of a branch line located in Piscataquis County, Me., issued. Traffic on which the branch has been dependent is now practically nonexistent, agricultural development of the territory served has been unimportant, that portion of the branch proposed to be abandoned is paralleled by a fairly good highway, and, sufficient traffic will not develop to justify continued operations in view of substantial financial losses involved. Public Convenience Certificate to B. & A. R. R., 579.

Chesapeake & Ohio Ry. Co., certificate authorizing the abandonment of a ferry operated across the Ohio River between Russell, Ky., and Ironton, Ohio, constituting a portion of applicant's line of railroad, issued. A new highway bridge has been constructed between these points, and vehicular and passenger traffic heretofore making use of the ferry will use the bridge. Abandonment of Ferry by C. & O. Ry., 450.

CONVENIENCE AND NECESSITY—Continued.**Abandonment—Continued.**

Chicago & Eastern Illinois R. R. Co., certificate authorizing the abandonment of its Chicago & Indiana Coal Railway division, issued. The territory traversed is not productive of sufficient traffic to justify its operation as an independent line and there is no reasonable expectation that the territory ever will produce sufficient tonnage to enable the property to pay operating expenses. The road does not possess any equipment and is without funds to purchase equipment or meet the losses from operation. Abandonment of Line by C. & E. I. R. R., 609.

Columbus & Greenville R. R. Co., certificate authorizing the abandonment of the Percy and Webb branches in Washington, Leflore, and Tallahatchie Counties, Miss., issued. Territory traversed by these branches is also served by the Yazoo & Mississippi Valley which can and does adequately meet the transportation requirements of the communities served. For several years these branches have been operated at a loss and continued operation jeopardizes the continuance of operation of the main line. Abandonment of Branch Lines of C. & G. R. R., 725.

Duluth & Northern Minnesota Ry. Co., on rehearing, conclusion in former report, 70 I. C. C., 184, that a certificate should issue authorizing the abandonment of a line of railroad in St. Louis, Lake, and Cook Counties, Minn., affirmed. Public-Convenience Application of D. & N. M. Ry., 795.

Escanaba & Lake Superior R. R. Co., certificate authorizing the abandonment of a branch line located in Marquette and Dickinson Counties, Mich., issued. Line was constructed for the purpose of hauling forest products, the supply of which has been exhausted. The territory tributary to the line has no population, and it does not appear probable that there will be any settlers for a number of years. Abandonment of Part of Branch Line by E. & L. S. R. R., 816.

Great Northern Ry. Co., certificate authorizing the abandonment of that portion of a branch line extending from Northport, Wash., to Rossland, B. C., located in Stevens County, Wash., issued. Branch was constructed for purpose of transporting ore from Rossland to smelter at Northport; such smelter has been closed and there has been practically no ore traffic since; resumption of ore movement over this branch is improbable; agricultural development in the tributary territory has been small; and, while the territory traversed is heavily timbered, there is no evidence to show when, if ever, the standing timber will be cut and marketed. Public-Convenience Certificate to G. N. Ry., 26.

Lehigh Valley R. R. Co., certificate authorizing the abandonment of a branch line in Sullivan and Wyoming Counties, Pa., extending from Ganoga Lake to Ricketts, issued. Branch line was built for the purpose of developing the timber resources in the territory served. All of such timber has been cut. An ice business subsequently established at Ganoga Lake has also been entirely discontinued and the machinery removed. No traffic is at present being hauled over this branch and the country tributary thereto is wild, detimbered mountain land. Abandonment of Branch Line by L. V. R. R., 150.

CONVENIENCE AND NECESSITY—Continued.**Abandonment—Continued.**

Live Oak, Perry & Gulf R. R. Co., certificate authorizing the abandonment of a branch line in Taylor County, Fla., extending from a connection with its main line at Murat Junction to Murat, issued. Branch was built largely for the purpose of furnishing transportation for the output of a turpentine industry at Murat. Turpentine camp has been abandoned; no industry is served by the branch and there are no settlers dependent upon it for transportation; the territory traversed is either timber land or cut-over land; and no train has been operated over this branch for about eight years. Abandonment of Branch Line by L. O., P. & G. R. R. Co., 133.

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Northern Pacific Ry. Co., certificate authorizing the abandonment of that portion of a branch line extending from Coda to Washburn, Wis., issued. Sufficient traffic is available over that portion of the branch between Iron River and Coda to justify its retention until after the lapse of a reasonable experimental period to determine whether the public is making sufficient use thereof to justify its further retention in service. Abandonment of Part of Branch Line by N. P. Ry., 169.

Zwolle & Eastern Ry. Co., certificate authorizing the abandonment of its line of railroad in Sabine Parish, La., issued. Line was built for the purpose of developing the timber resources in the territory served; owing to the exhaustion of the forests the industries served have closed and dismantled their plants; no traffic of any kind is being offered and there is no possibility of any being developed; and, no community, firm, or individual will suffer any damage or inconvenience by reason of such abandonment. Abandonment of Z. & E. Ry., 193.

CONVENIENCE AND NECESSITY—Continued.

Acquisition of Control:

Georgia, Ashburn, Sylvester & Camilla Ry. Co., certificate authorizing the acquisition and operation of a line of railroad extending from Ashburn to Camilla, Ga., formerly operated as a part of the Hawkinsville & Florida Southern Ry., the abandonment of which was authorized in 70 I. C. C., 566, issued. It is claimed that future operation will be attended by increased revenues and decreased operating expenses, and will show net earnings sufficient to provide a fair return upon capitalization. The people who are dependent upon the line for transportation facilities desire to preserve the service and are prepared to finance the plan and thus assume the burden. Public-Convenience Certificate to G., A., S. & C. Ry., 616.

Tuckaseegee & Southeastern Ry. Co., certificate authorizing the acquisition and operation of a line of railroad extending from Sylva to Blackwood, in Jackson County, N. C., issued. Operation of this line would serve the public interest by giving rail transportation to a section heretofore lacking such facilities and by making possible the development of large areas of timberlands. Public-Convenience Certificate to T. & S. E. Ry., 818.

Extension of Line:

Dodge City & Cimarron Valley Ry. Co., certificate authorizing the construction of an extension in Haskell, Grant, and Stanton Counties, Kans., issued. Proposed extension would develop sufficient traffic to justify its construction and the public interest would be served by giving rail transportation to a large region, remote from existing lines, whose agricultural possibilities can not well be developed without it. Public-Convenience Certificate to D. C. & C. V. Ry., 195.

Gulf Ports Terminal Ry. Co., on further hearing, construction of an extension in Baldwin and Mobile Counties, Ala., held not to be within provisions of paragraph (18) of section 1 of the act, and no certificate is required. Proposed extension was begun prior to enactment of the transportation act, 1920, and there is nothing to indicate that the construction of the extension was ever definitely abandoned. Original report, 70 I. C. C., 358. Construction Application of Gulf Ports Terminal Ry., 759.

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Wichita Falls & Oklahoma Ry. Co., certificate authorizing the construction of an extension from Byers, Clay County, Tex., to a point on the Texas-Oklahoma State line, issued. Line does not connect with other railroads except at Wichita Falls and the proposed extension would give the Wichita Co. railroad connection with two lines of the Rock Island, one of which is a through line to Kansas City, Mo., and Chicago, Ill. Public-Convenience Certificate to W. F. & O. Ry., 699.

CONVENIENCE AND NECESSITY—Continued.**Extension of Line—Continued.**

Wichita Northwestern Ry. Co., public convenience and necessity not shown to require the construction of an extension of its line in Rush County, Kans. Proposed extension would cross a branch line of the Santa Fe and no point on the proposed extension would be more than 4.5 miles from another railroad. Sixty per cent of the estimated tonnage would be diverted from existing lines; the development of the tributary territory has not been retarded by the lack of transportation facilities, and there is nothing to show that it would be increased by the proposed extension. Public-Convenience Application of W. N. W. Ry., 42.

New Line Construction:

In General: Contention that if a strong or urgent public need for a new line of railroad be shown, the commission must issue a certificate for the construction of such line irrespective of whether that line will be able to handle sufficient traffic to pay the expenses of operation, not sustained. Public-Convenience Application of D. & N. M. Ry., 795 (800).

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., certificate authorizing the construction and operation of a cut-off in Delaware County, Ohio, issued. Such proposed line will shorten the distance for the movement of through traffic between Cincinnati and Cleveland, Ohio, and intermediate points, will avoid grades and curvatures, and passenger trains will save time as compared with the time required for traveling the present route. Public-Convenience Certificate to Big Four, 803.

Golden Belt R. R. Co., on rehearing, conclusions in former reports, 67 I. C. C., 370, and 70 I. C. C., 73, affirmed, and present and future public convenience and necessity not shown to require the construction of a new line of railroad between Great Bend and Hays, Kans. Public Convenience Application of G. B. R. R., 233.

Kansas & Oklahoma Southern Ry. Co., certificate authorizing the construction of a line of railroad in Craig County, Okla., issued. Such line will serve coal deposits which are not reached by existing rail lines. Public Convenience Certificate to K. & O. S. Ry., 130.

Mingo Valley R. R. Co., certificate authorizing the construction of a line of railroad in Washington County, Pa., granted. Such line will connect the Montour R. R. with the Monongahela division of the Pennsylvania and with water transportation on the Monongahela River at Courtney, Pa., and will permit shipments of coal to move to tidewater, as well as to Lake Erie ports for reshipment to the Northwest, without passing through the congested terminals of Pittsburgh, Pa. Public-Convenience Certificate to M. V. R. R., 139.

National Line R. R. Co., application for certificate authorizing the construction of a line of railroad in Webster County, Miss., denied. Facts are not sufficient to enable the commission to form a reasonably accurate judgment as to the present or future need for the line or the probability as to its becoming a self-sustaining project. The record indicates that applicant has not given sufficient attention to an estimate of construction costs and of operating expenses and has estimated gross and net revenues on an erroneous basis. Construction Application of National L. R. R., 556.

CONVENIENCE AND NECESSITY—Continued.**New Line Construction—Continued.**

New Holland, Higginsport & Mt. Vernon R. R. Co., certificate authorizing the construction of a line of railroad extending from a connection with the Norfolk Southern at Wenona, Washington County, N. C., to New Holland, Hyde County, N. C., issued. Most of the traffic handled by the line will be additional to that which now moves by rail, and it is predicated that the road will prove a valuable feeder for the Norfolk Southern. Public-Convenience Certificate to N. H., H. & Mt. V. R. R., 119.

Osage Ry. Co., certificate authorizing the construction of a line of railroad in Osage County, Okla., issued. Proposed line will be the only outlet for a field which is actually producing oil and in view of the development that may be expected in the territory to be served, the return should be sufficient to justify building the road. Public Convenience Certificate to Osage Ry., 160.

Shreveport & Northeastern Ry. Co., public convenience and necessity not shown to require the construction of a proposed line of railroad extending from Minden, in Webster Parish, La., to a point near Junction City, on the Arkansas State line, and certificate denied. It is impossible to estimate the volume of traffic which will be obtained, what the revenues or expenses will be, and no adequate consideration appears to have been given to the question of whether sufficient tonnage and revenues to support the line may be reasonably anticipated. Construction Application of S. & N. E. Ry., 586.

Wichita Falls & Oklahoma R. R. Co., certificate authorizing the construction of a new line of railroad in Jefferson County, Okla., issued. Proposed line would furnish a valuable connection for the Colorado & Southern system, and should also be of advantage to Wichita Falls and important areas in Texas for which that city is the gateway, as it would shorten the haul from that section to central and northern points. Public-Convenience Certificate to W. F. & O. Ry., 699.

Relocation of Line: Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., certificate authorizing the relocation of its line, and the abandonment of that portion of its old line between Glenn and St. Clair, in Boone County, Ind., issued. Such relocation will reduce operating expenses, effect a saving in distance, reduce grade, lessen maximum curvature, and eliminate highway grade crossings. Abandonment of Line by Big Four, 668.

CORPORATE POLICY.

Corporate policy, in a case of bond retirements, must be determined by the carriers' directors, and, since the responsibility for that determination rests with them, the commission does not feel that the substitution of its judgment for theirs would be warranted. Bonds of N. P. Ry., 583 (584).

CUT-OFF.

Construction: Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., certificate of public convenience and necessity authorizing the construction and operation of a cut-off in Delaware County, Ohio, issued. Such proposed line will shorten the distance for the movement of through traffic between Cincinnati and Cleveland, Ohio, and intermediate points, will avoid grades and curvatures, and passenger trains will save time as compared with the time required for traveling the present route. Public-Convenience Certificate to Big Four, 803.

DEBENTURES.

New York, New Haven & Hartford R. R. Co., authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof, and to increase the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due, the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

DEFICIT.**In General:**

The commission is without authority to certify any amount for payment under section 204 of the transportation act, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation, and the burden rests upon a claimant to establish its status under that section. Deficit Claims of Allegheny & S. S. Ry., 90 (91).

Contention that the commission should construe paragraphs (18) to (22) of section 1 of the act as requiring it to consider only the question of whether there is a public need for the service and to hold that the question of loss in operation is a matter which it can not take into account at all, and that the question of gain or loss is a matter entirely unrelated to public convenience and necessity, *Held*: Such a construction loses sight of the familiar doctrine of the courts that the very fact that a line of railroad does not pay the expense of running its trains is cogent evidence that public convenience and necessity does not require it to be kept in operation. Public-Convenience Application of D. & N. M. Ry., 795 (799).

The following companies which sustained deficits in railway operating incomes while under private operation in the Federal control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during Federal control ascertained and final settlements made. In instances where partial payments were made, or where sums were found due to the President, as operator of the transportation systems under Federal control, on account of traffic balances and other indebtedness, such sums deducted from amounts ascertained in making final settlements:

- Apalachicola Northern R. R. Co., 823.
- Arizona & Swansea R. R. Co., 853.
- Bullfrog Goldfield R. R. Co., 825.
- Carolina & Yadkin River Ry. Co., 420.
- Cazenovia Southern R. R. Co., 627.
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- Kentwood, Greensburg & Southwestern R. R. Co., 379.
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- Ocean Shore R. R. Co., 867.
- Paris & Mt. Pleasant R. R. Co., 869.
- Raquette Lake Ry. Co., 829.
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DEFICIT—Continued.

Silverton Northern R. R. Co., 831.

United Verde & Pacific Ry. Co., 833.

Ursina & North Fork Ry. Co., 409.

Ventura County Ry. Co., 813.

Alabama Central R. R. Co., as the amount disallowed for maintenance expenditures exceeds the excess credits ascertained as due the carrier before making the adjustments necessitated by the provisions of section 204 of the transportation act, 1920, such carrier did not sustain a deficit in railway operating income while under private operation in the Federal control period, and is therefore not a "carrier" within the meaning of that section. Deficit Status of A. C. R. R., 574.

Allegheny & South Side Ry. Co., held not to be subject to the provisions of section 204 of the transportation act, 1920, relating to reimbursement of deficits. Applicant is not a common carrier subject to the interstate commerce act and was not during any part of the Federal control period a common carrier engaged in general transportation. Deficit Claims of A. & S. S. Ry., 90.

DESPATCH COMPANY.

Chicago, New York & Boston Refrigerator Co., following *Guaranty Claim of C., N. Y. & B. Refrigerator Co.*, 70 I. C. C., 575, such carrier found not to have been, during any part of the guaranty period, a carrier by railroad within the meaning of section 209 of the transportation act, 1920. Application for a certificate entitling claimant to a guaranty payment, dismissed. Guaranty of C., N. Y. & B. R. Co., 7.

DUTY OF COMMISSION.

Past earnings and probable future earnings are evidentiary facts which enable the commission to make a finding under which an appropriate certificate for abandonment may be granted. It is not the commission's duty to make a finding with respect to a bare need for the service unaffected by how far that need is evidenced by the payment forthcoming for the service rendered. Public-Convenience Application of D. & N. M. Ry., 795 (800).

EARNINGS.**In General:**

Under paragraph (18) of section 15a of the act, the permission to retain earnings in excess of the amount provided under that section which the commission is authorized to grant is confined to newly constructed lines of railroad and does not apply to a line which has been in existence prior to the effective date of the paragraph. Public-Convenience Certificate to G., A., S. & C. Ry. Co., 616 (617).

Where the acquisition of control, or the lease, of one carrier by another would clearly facilitate the movement of traffic through a highly congested district, the circumstances that other carriers would suffer a loss of revenue is not controlling. Chicago Junction Case, 631 (638).

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EARNINGS—Continued.**In General—Continued.**

Contention that if a strong or urgent public need for a new line of railroad be shown, the commission must issue a certificate for the construction of such line irrespective of whether that line will be able to handle sufficient traffic to pay the expenses of operation, not sustained. *Id.* (800).

Certificates of convenience and necessity issued authorizing the construction of new lines of railroad, and inasmuch as applicants do not expect to realize any substantial return upon the investment during the early years of operation, such carriers permitted to retain the earnings derived from such new construction in excess of the amount otherwise provided in section 15a of the act for such disposition as may be lawful and proper:

Dodge City & Cimmaron Valley Ry. Co., 195.

Kansas & Oklahoma Southern Ry. Co., 130.

Mingo Valley R. R. Co., 139.

New Holland, Higginsport & Mt. Vernon R. R. Co., 119.

Oregon Short Line R. R. Co., 571.

Osage Ry. Co., 160.

Wichita Falls & Oklahoma R. R. Co., 699.

ELECTRIC LINES.**In General:**

The service of interurban electric railways is distinguished by its local and limited character and by the fact that the bulk of their revenues are derived from the transportation of passengers. Their facilities for handling freight are usually inadequate or lacking so as to disable them from engaging in its general transportation. The amount of business interchanged by them with connecting carriers is ordinarily very small. Proposed Control of Sacramento Northern by W. P. R. R., 653 (657).

Congress obviously did not intend to exclude all electric railways from the operation of section 20a of the act. If a carrier were to completely electrify its system it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. *Id.* (657).

The fact that a road is operated electrically does not remove it from the commission's jurisdiction under section 20a of the act. *Id.* (657).

Sacramento Northern R. R. Co., the commission is by no means convinced that this carrier is an interurban electric railway as that term is used in the statute, although much of the transportation service rendered by it is similar to that rendered by electric interurban railways. Proposed Control of S. N. by W. P. R. R., 653 (658).

ENGINES. *See* LOCOMOTIVES.

EQUIPMENT. *See also* LOCOMOTIVES.

In General:

As a basis for the issuance of equipment-trust certificates, equipment should not be taken at appraised value, but at depreciated book value. Equipment-Trust Certificates of S. D. & Ariz. Ry., etc., 29 (32).

EQUIPMENT—Continued.**In General—Continued.**

Under the principles announced by the commission for apportioning the revolving fund, requirements of carriers in respect of passenger-train equipment are subordinated to those for freight-train equipment. Loan to Seaboard-Bay Line, 464 (465).

The commission can not construe the act as imposing the stupendous and seemingly impractical task of analysis of every means of financing equipment for all carriers, or as precluding it from determining the most appropriate method for financing the equipment needs of a single carrier. This seems particularly true if the commission is to consider the purposes of loans under section 210 as limited by the necessities of the period immediately following the termination of Federal control. Id. (468).

The advantages which a carrier may derive by the purchase of equipment during a period of low prices and by the repair of its bad-order cars under favorable conditions make it the part of good management to do so, and form a proper basis for a loan under section 210 of the transportation act, 1920. Id. (468).

Fact that there is a general condition of oversupply of cars would not justify the commission in considering the application of a carrier for a loan for the acquisition of equipment taking a stand that would require it to continue to pay from its revenues excessive car hire to other carriers, especially when it is considered that this car hire is paid at the current per diem rate. Id. (468).

Contributions toward the purchase of equipment acquired either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 50 per cent of the whole in respect of locomotives and to 75 per cent in respect of freight-train cars. In loans made through the National Railway Service Corporation a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. Id. (469).

Applications of the following carriers for loans to aid in providing equipment, denied. Prospective earning power and character and value of the security offered not such as to furnish reasonable assurance of ability to repay the loans within the time fixed therefor, and reasonable protection to the United States:

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Ocilla Southern R. R. Co., 321.

Rock Island Southern Ry. Co., 323.

Salina Northern R. R. Co., 291.

Wabash, Chester & Western R. R. Co., 137.

Cape Girardeau Northern Ry. Co., application for a loan to aid in providing, denied. Applicant's property has deteriorated until the greater part of it is unsafe for operation and operating results reflect a continuous history of deficits in net income. Loan to C. G. N. Ry., 880.

Central R. R. Co. of New Jersey, authority to procure authentication and delivery to its treasurer of equipment bonds, in connection with the procurement of locomotives, passenger coaches, combination cars, and baggage-and-express cars, granted. Equipment Bonds of C. R. R. Co., of N. J., 729.

BONDS—Continued.**Erie R. R. Co.:**

Authority to sell consolidated-mortgage extended bonds, and to pledge one-half, pending sale thereof, as security for any short-term notes which may be issued to the War Finance Corporation upon proper authorization, granted. Bonds of E. R. R. Co., 267.

Authority to pledge general-lien and convertible gold bonds, as security for one-year notes payable on demand, which may be issued to the War Finance Corporation upon proper authorization, granted. Id. (267).

Authority to pledge refunding and improvement mortgage gold bonds and Columbus & Erie R. R. Co. first-mortgage gold bonds, as substituted partial security for a loan from the United States, granted. Id. (267).

Authority to assume obligation and liability, as guarantor and lessee in respect of bonds of the New York, Lake Erie & Western Coal & R. R. Co., granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

Fairmont, Morgantown & Pittsburg R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Great Northern Ry. Co., authority to issue general-mortgage gold bonds, said bonds to be sold and the proceeds used for capital purposes, viz, to pay maturing indebtedness, acquire equipment, and make additions and betterments, granted. Bonds of G. N. Ry. 95.

Gulf & Northern Ry. Co., authority to issue first-mortgage gold bonds, said bonds to be delivered to the A., T. & S. F. Ry. Co. in satisfaction of a like amount of indebtedness of the applicant to that company which furnished most of the cash, material, and labor for the construction of applicant's line extending northward from Newton to Wiergate, Tex., granted. Bonds of G. & N. Ry., 859.

Illinois Central R. R. Co. and Chicago, St. Louis & New Orleans R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Jacksonville Terminal Co., authority to issue refunding and extension mortgage bonds, to be exchanged for a like amount of first and general mortgage bonds, and series B bonds, to be sold and the proceeds used for capital purposes, granted. Bonds of J. T. Co., 249.

Maine Central R. R. Co.:

Authority to issue first and refunding mortgage gold bonds, said bonds to be pledged as collateral security for a demand note to be issued to the Director General of Railroads, and ultimately to pledge all or any portion of the bonds with the director general as collateral security in connection with the funding of indebtedness to the United States in respect of additions and betterments made during Federal control, granted. Bonds of M. C. R. R., 147.

EQUIPMENT—Continued.

Norfolk & Western Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment-trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. N. & W. Equipment Trust, 1922, 749.

St. Louis-San Francisco Ry. Co., authority to issue prior-lien mortgage bonds in respect of expenditures for equipment, found not compatible with the interest of either the applicant or the public. Bonds of St. L.-S. F. Ry., 558 (560).

Seaboard Air Line Ry. Co., application for a loan through the Seaboard-Bay Line Co. to aid in providing, granted. Loan to Seaboard-Bay Line, 464.

Seaboard-Bay Line Co., approved as an organization or agency to or through which loans may be made, pursuant to provisions of section 210 of the transportation act, 1920, and application for a loan to aid the Seaboard Air Line Ry. Co. in providing equipment, granted. Loan to Seaboard-Bay Line, 464.

Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Pennsylvania Co. for Insurance on Lives & Granting Annuities (of Philadelphia, Pa.) in connection with the procurement of equipment, granted. Southern Ry. Equipment Trust, 623.

EQUIPMENT CORPORATIONS.

Great Northern Equipment Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. It owns equipment leased to and operated by the Great Northern Ry. Co., its entire capital stock is owned by that company, it is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern for the use of such equipment is reflected in the accounts of the railway company. Guaranty Status Great Falls & Teton County Ry. et al., 607 (608).

National Railway Service Corporation, in making loans for equipment through, a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. Loan to Seaboard-Bay Line, 464 (469).

Seaboard-Bay Line Co., approved as an organization or agency to or through which loans may be made, pursuant to provisions of section 210 of the transportation act, 1920, and application for a loan to aid the Seaboard Air Line Ry. Co. in providing equipment, granted. Loan to Seaboard-Bay Line, 464.

EQUIPMENT NOTES. See NOTES.**EQUIPMENT TRUST CERTIFICATES.**

In General: As a basis for the issuance of equipment trust certificates, equipment should not be taken at appraised value, but at depreciated book value. Equipment-Trust Certificates of S. D. & Ariz. Ry., etc., 29 (32).

Akron, Canton & Youngstown Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under the Akron, Canton & Youngstown Ry. Co. engine trust of 1921 in connection with the procurement of locomotives, granted. A., C. & Y. Ry. Engine Trust, 237.

EQUIPMENT TRUST CERTIFICATES—Continued.

Central of Georgia Ry. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. C. of G. Equipment Trust, Series N, 817.

Chesapeake & Ohio Ry. Co., authority to assume obligation and liability in respect of C. & O. equipment trust certificates, by entering into a lease and an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co. of Philadelphia, Pa., said certificates to be sold and the proceeds used to procure certain equipment, granted. C. & O. Equipment Trust, Series T, 592.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola and refrigerator cars, granted. C. & S. Ry. Equipment-Trust of 1922, 517.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box and refrigerator cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.

Illinois Central R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon, by indorsing upon each certificate its guaranty of such payment, and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. I. C. Equipment Trust, Series H, 152.

Long Island R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Fidelity Trust Co. (of Philadelphia, Pa.) and William P. Gest, under an equipment-trust agreement, and sold or disposed of in connection with the procurement of passenger cars, granted. L. I. Equipment-Trust, Series D, 777.

New York, Chicago & St. Louis R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Union Trust Co. of Cleveland, Ohio, in connection with the procurement of stock cars, granted. N. Y. C. & St. L. Equipment Trust of 1922, 391.

Norfolk & Western Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. N. & W. Equipment Trust, 1922, 749.

EQUIPMENT TRUST CERTIFICATES—Continued.

San Diego & Arizona Ry. Co., authority to assume obligation and liability in respect of guaranteed equipment-trust certificates, by entering into a lease and an equipment-trust agreement, and by the execution and delivery of a mortgage, granted. Equipment-Trust Certificates of S. D. & A. Ry., Etc., 29.

Southern Pacific Co., authority to assume obligation and liability in respect of equipment-trust certificates of the San Diego & Arizona Ry. Co., by indorsement and by the execution of an agreement of guaranty with certain companies, granted. Equipment-Trust Certificates of S. D. & A. Ry., Etc., 29.

Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Pennsylvania Co. for Insurance on Lives & Granting Annuities (of Philadelphia, Pa.) in connection with the procurement of equipment, granted. S. Ry. Equipment Trust, 623.

Union Pacific R. R. Co., authority to assume obligation and liability in respect of Union Pacific equipment-trust certificates, by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co. (of Philadelphia); said certificates to be sold and the proceeds used to procure certain equipment, granted. U. P. Equipment Trust, Series B, 228.

EXPERIMENT.

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate of public convenience and necessity authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish, but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. Public-Convenience Application of A. & S. A. B. Ry., 784.

Union Pacific R. R. Co., acquisition of control of the railroad operated by the Saratoga & Encampment R. R. Co., by an operating agreement, with an option to purchase, approved and authorized. The results of operation by the Encampment have been insufficient to pay its expenses, and while the proposed transaction is somewhat of an experiment on the part of the Union Pacific, such experiment is justifiable in order to preserve the service. Control of S. & E. R. R. by U. P., 190.

EXTENSION OF DATE OF MATURITY. *See* MATURITIES.

EXTENSION OF LINE. *See also* NEW LINES.

Dodge City & Cimarron Valley Ry. Co., certificate of public convenience and necessity authorizing the construction of an extension in Haskell, Grant, and Stanton Counties, Kans., issued. Proposed extension would develop sufficient traffic to justify its construction and the public interest would be served by giving rail transportation to a large region, remote from existing lines, whose agricultural possibilities can not well be developed without it. Public-Convenience Certificate to D. C. & C. V. Ry., 195.

DEBENTURES.

New York, New Haven & Hartford R. R. Co., authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof, and to increase the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due, the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

DEFICIT.**In General:**

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In General:

As a basis for the issuance of equipment-trust certificates, equipment should not be taken at appraised value, but at depreciated book value. Equipment-Trust Certificates of S. D. & Ariz. Ry., etc., 29 (32).

EQUIPMENT—Continued.**In General—Continued.**

Under the principles announced by the commission for apportioning the revolving fund, requirements of carriers in respect of passenger-train equipment are subordinated to those for freight-train equipment. Loan to Seaboard-Bay Line, 464 (465).

The commission can not construe the act as imposing the stupendous and seemingly impractical task of analysis of every means of financing equipment for all carriers, or as precluding it from determining the most appropriate method for financing the equipment needs of a single carrier. This seems particularly true if the commission is to consider the purposes of loans under section 210 as limited by the necessities of the period immediately following the termination of Federal control. Id. (468).

The advantages which a carrier may derive by the purchase of equipment during a period of low prices and by the repair of its bad-order cars under favorable conditions make it the part of good management to do so, and form a proper basis for a loan under section 210 of the transportation act, 1920. Id. (468).

Fact that there is a general condition of oversupply of cars would not justify the commission in considering the application of a carrier for a loan for the acquisition of equipment taking a stand that would require it to continue to pay from its revenues excessive car hire to other carriers, especially when it is considered that this car hire is paid at the current per diem rate. Id. (468).

Contributions toward the purchase of equipment acquired either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 50 per cent of the whole in respect of locomotives and to 75 per cent in respect of freight-train cars. In loans made through the National Railway Service Corporation a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. Id. (469).

Applications of the following carriers for loans to aid in providing equipment, denied. Prospective earning power and character and value of the security offered not such as to furnish reasonable assurance of ability to repay the loans within the time fixed therefor, and reasonable protection to the United States:

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Ocilla Southern R. R. Co., 321.

Rock Island Southern Ry. Co., 323.

Salina Northern R. R. Co., 291.

Wabash, Chester & Western R. R. Co., 137.

Cape Girardeau Northern Ry. Co., application for a loan to aid in providing, denied. Applicant's property has deteriorated until the greater part of it is unsafe for operation and operating results reflect a continuous history of deficits in net income. Loan to C. G. N. Ry., 880.

Central R. R. Co. of New Jersey, authority to procure authentication and delivery to its treasurer of equipment bonds, in connection with the procurement of locomotives, passenger coaches, combination cars, and baggage-and-express cars, granted. Equipment Bonds of C. R. R. Co., of N. J., 729.

EQUIPMENT—Continued.

- Chesapeake & Ohio Ry. Co., authority to assume obligation and liability in respect of C. & O. equipment-trust certificates, by entering into a lease and an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co. of Philadelphia, Pa., said certificates to be sold and the proceeds used to procure certain equipment, granted. C. & O. Equipment Trust, Series T, 592.
- Chicago & Illinois Midland Ry. Co., authority to issue promissory notes, payable to the General American Tank Car Corp., the proceeds to be used in payment of rebuilt equipment, granted. Notes of C. & I. M. Ry., 346.
- Cincinnati, Indianapolis & Western R. R. Co., application for a loan to aid in providing, denied. Carrier's attention has been called to various deficiencies in its application and the commission has emphasized the necessity of applicant making a tender of reasonably adequate security. Application has been neither supplemented nor amended in response to the commission's requests, nor has it been withdrawn. Application of C., I. & W. R. R. for Loan, 539.
- Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola and refrigerator cars, granted. C. & S. Ry. Equipment-Trust of 1922, 517.
- Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box and refrigerator cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.
- Gulf, Mobile & Northern R. R. Co., application for a loan to aid in providing additions and betterments to existing equipment, granted. Loan to G., M. & N. R. R., 156.
- Illinois Central R. R. Co., authority to execute an evidence of indebtedness in the form of an agreement for the lease and purchase of refrigerator cars from the Pullman Co., granted. Equipment Lease of I. C. R. R., 406.
- Lake Erie, Franklin & Clarion R. R. Co., authority to issue promissory notes to the Baldwin Locomotive Works in connection with the lease of a locomotive, granted. Notes of L. E., F. & C. R. R., 772.
- Long Island R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Fidelity Trust Co. (of Philadelphia, Pa.) and William P. Gest, under an equipment-trust agreement, and sold or disposed of in connection with the procurement of passenger cars, granted. L. I. Equipment Trust, Series D, 777.
- Mobile & Ohio R. R. Co., authority to issue equipment notes in connection with the procurement of mikado locomotives, granted. Equipment Notes of M. & O. R. R., 770.
- New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to pay indebtedness to the director general, for the cost of equipment provided by him during Federal control, or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 854.

EQUIPMENT—Continued.

Norfolk & Western Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment-trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. N. & W. Equipment Trust, 1922, 749.

St. Louis-San Francisco Ry. Co., authority to issue prior-lien mortgage bonds in respect of expenditures for equipment, found not compatible with the interest of either the applicant or the public. Bonds of St. L.-S. F. Ry., 558 (560).

Seaboard Air Line Ry. Co., application for a loan through the Seaboard-Bay Line Co. to aid in providing, granted. Loan to Seaboard-Bay Line, 464.

Seaboard-Bay Line Co., approved as an organization or agency to or through which loans may be made, pursuant to provisions of section 210 of the transportation act, 1920, and application for a loan to aid the Seaboard Air Line Ry. Co. in providing equipment, granted. Loan to Seaboard-Bay Line, 464.

Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Pennsylvania Co. for Insurance on Lives & Granting Annuities (of Philadelphia, Pa.) in connection with the procurement of equipment, granted. Southern Ry. Equipment Trust, 623.

EQUIPMENT CORPORATIONS.

Great Northern Equipment Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. It owns equipment leased to and operated by the Great Northern Ry. Co., its entire capital stock is owned by that company, it is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern for the use of such equipment is reflected in the accounts of the railway company. Guaranty Status Great Falls & Teton County Ry. et al., 607 (608).

National Railway Service Corporation, in making loans for equipment through, a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. Loan to Seaboard-Bay Line, 464 (469).

Seaboard-Bay Line Co., approved as an organization or agency to or through which loans may be made, pursuant to provisions of section 210 of the transportation act, 1920, and application for a loan to aid the Seaboard Air Line Ry. Co. in providing equipment, granted. Loan to Seaboard-Bay Line, 464.

EQUIPMENT NOTES. See NOTES.**EQUIPMENT TRUST CERTIFICATES.**

In General: As a basis for the issuance of equipment trust certificates, equipment should not be taken at appraised value, but at depreciated book value. Equipment-Trust Certificates of S. D. & Ariz. Ry., etc., 29 (32).

Akron, Canton & Youngstown Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under the Akron, Canton & Youngstown Ry. Co. engine trust of 1921 in connection with the procurement of locomotives, granted. A., C. & Y. Ry. Engine Trust, 237.

EQUIPMENT TRUST CERTIFICATES—Continued.

Central of Georgia Ry. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. C. of G. Equipment Trust, Series N, 317.

Chesapeake & Ohio Ry. Co., authority to assume obligation and liability in respect of C. & O. equipment trust certificates, by entering into a lease and an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co. of Philadelphia, Pa., said certificates to be sold and the proceeds used to procure certain equipment, granted. C. & O. Equipment Trust, Series T, 592.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola and refrigerator cars, granted. C. & S. Ry. Equipment-Trust of 1922, 517.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box and refrigerator cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.

Illinois Central R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon, by indorsing upon each certificate its guaranty of such payment, and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. I. C. Equipment Trust, Series H, 152.

Long Island R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Fidelity Trust Co. (of Philadelphia, Pa.) and William P. Gest, under an equipment-trust agreement, and sold or disposed of in connection with the procurement of passenger cars, granted. L. I. Equipment-Trust, Series D, 777.

New York, Chicago & St. Louis R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Union Trust Co. of Cleveland, Ohio, in connection with the procurement of stock cars, granted. N. Y. C. & St. L. Equipment Trust of 1922, 391.

Norfolk & Western Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. N. & W. Equipment Trust, 1922, 749.

EQUIPMENT TRUST CERTIFICATES—Continued.

San Diego & Arizona Ry. Co., authority to assume obligation and liability in respect of guaranteed equipment-trust certificates, by entering into a lease and an equipment-trust agreement, and by the execution and delivery of a mortgage, granted. *Equipment-Trust Certificates of S. D. & A. Ry., Etc.*, 29.

Southern Pacific Co., authority to assume obligation and liability in respect of equipment-trust certificates of the San Diego & Arizona Ry. Co., by indorsement and by the execution of an agreement of guaranty with certain companies, granted. *Equipment-Trust Certificates of S. D. & A. Ry., Etc.*, 29.

Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Pennsylvania Co. for Insurance on Lives & Granting Annuities (of Philadelphia, Pa.) in connection with the procurement of equipment, granted. *S. Ry. Equipment Trust*, 623.

Union Pacific R. R. Co., authority to assume obligation and liability in respect of Union Pacific equipment-trust certificates, by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co. (of Philadelphia); said certificates to be sold and the proceeds used to procure certain equipment, granted. *U. P. Equipment Trust, Series B*, 228.

EXPERIMENT.

Atlanta & St. Andrews Bay Ry. Co., upon further hearing and consideration of results of suspension of operation for an experimental period, certificate of public convenience and necessity authorizing the abandonment of operation of a branch line between Panama City and St. Andrews, Fla., issued. Continued operation would be a matter of convenience to but two remaining shippers of fish, but it can hardly be said to be a matter of necessity. Previous report 70 I. C. C., 313. *Public-Convenience Application of A. & S. A. B. Ry.*, 784.

Union Pacific R. R. Co., acquisition of control of the railroad operated by the Saratoga & Encampment R. R. Co., by an operating agreement, with an option to purchase, approved and authorized. The results of operation by the Encampment have been insufficient to pay its expenses, and while the proposed transaction is somewhat of an experiment on the part of the Union Pacific, such experiment is justifiable in order to preserve the service. *Control of S. & E. R. R. by U. P.*, 190.

EXTENSION OF DATE OF MATURITY. *See MATURITIES.*

EXTENSION OF LINE. *See also NEW LINES.*

Dodge City & Cimarron Valley Ry. Co., certificate of public convenience and necessity authorizing the construction of an extension in Haskell, Grant, and Stanton Counties, Kans., issued. Proposed extension would develop sufficient traffic to justify its construction and the public interest would be served by giving rail transportation to a large region, remote from existing lines, whose agricultural possibilities can not well be developed without it. *Public-Convenience Certificate to D. C. & C. V. Ry.*, 195.

EXTENSION OF LINE—Continued.

Gulf Ports Terminal Ry. Co., on further hearing, construction of an extension in Baldwin and Mobile Counties, Ala., held not to be within the provisions of paragraph (18) of section 1 of the act, and no certificate of public convenience and necessity is required. Proposed extension was begun prior to enactment of the transportation act, 1920, and there is nothing to indicate that the construction of the extension was ever definitely abandoned. Original report, 70 I. C. C., 358. Construction Application of G. P. T. Ry., 759.

Oregon Short Line R. R. Co., certificate of public convenience and necessity authorizing the construction of an extension of its Homedale branch in Owyhee County, Idaho, issued. Proposed extension would serve an area of irrigated farm lands which have been under cultivation, and while considered by itself, might not prove remunerative in its early years, it will serve as a valuable feeder to applicant's main line and by providing necessary transportation facilities will develop a territory which is not at present reached directly by any line of railroad. Public-Convenience Certificate to O. S. L., 571.

Wichita Falls & Oklahoma Ry. Co., certificate of public convenience and necessity authorizing the construction of an extension from Byers, Clay County, Tex., to a point on the Texas-Oklahoma State line, issued. Line does not connect with other railroads except at Wichita Falls and the proposed extension would give the Wichita Company railroad connection with two lines of the Rock Island, one of which is a through line to Kansas City, Mo., and Chicago, Ill. Public-Convenience Certificate to W. F. & O. Ry., 699.

Wichita Northwestern Ry. Co., public convenience and necessity not shown to require the construction of an extension of its line in Rush County, Kans. Proposed extension would cross a branch line of the Santa Fe. No point on the proposed extension would be more than 4.5 miles from another railroad and 60 per cent of the estimated tonnage would be diverted from existing lines. The development of the tributary territory has not been retarded by the lack of transportation facilities, and there is nothing to show that it would be increased by the construction of the extension. Public Convenience Application of W. N. W. Ry., 42.

FERRIES.

Chesapeake & Ohio Ry. Co., certificate of public convenience and necessity authorizing the abandonment of a ferry operated across the Ohio River between Russell, Ky., and Ironton, Ohio, constituting a portion of applicant's line of railroad, issued. A new highway bridge has been constructed between these points, and vehicular and passenger traffic heretofore making use of the ferry will use the bridge. Abandonment of Ferry by C. & O. Ry., 450.

Missouri-Illinois R. R. Co., authority to issue first-mortgage gold bonds, the proceeds to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service, granted. Bonds of M.-I. R. R., 461.

FINAL SETTLEMENT.

In General: The statute makes no provision for a conditional acceptance of the guaranty provision under section 209 of the transportation act, 1920. The duty and obligation of determining railway operating income for the test and guaranty periods is imposed upon the commission, and it is required to make such determination in accordance with rules laid down in the section. If a "condition" merely contemplates the application of some rule in the statute, it might be treated as surplusage, but it is invalid if it attempts to control the computation of income in a manner not contemplated by the statute. *Guaranty Status of Potato Creek R. R.*, 457.

The following companies which sustained deficits in railway operating incomes while under private operation in the Federal-control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during Federal control ascertained and final settlements made. In instances where partial payments were made, or where sums were found due to the President, as operator of the transportation systems under Federal control, on account of traffic balances and other indebtedness, such sums deducted from amounts ascertained in making final settlements:

Apalachicola Northern R. R. Co., 823.
Arizona & Swansea R. R. Co., 853.
Bullfrog Goldfield R. R. Co., 825.
Carolina & Yadkin River Ry. Co., 420.
Cazenovia Southern R. R. Co., 627.
Elwood, Anderson & Lapelle R. R. Co., 492.
Jefferson & Northwestern Ry. Co., 863.
Kentwood & Eastern Ry. Co., 534.
Kentwood, Greensburg & Southwestern R. R. Co., 379.
Lawndale Ry. & Industrial Co., 865.
Leetonia Ry. Co., 827.
Nevada-California-Oregon Ry., 548.
Ocean Shore R. R. Co., 867.
Paris & Mt. Pleasant R. R. Co., 869.
Raquette Lake Ry. Co., 829.
Salina Northern R. R. Co., 235.
Silverton Northern R. R. Co., 831.
United Verde & Pacific Ry. Co., 833.
Ursina & North Fork Ry. Co., 409.
Ventura County Ry. Co., 813.

The following companies found to be "carriers" within the meaning of paragraph (a) of section 209 of the transportation act, 1920. Amounts necessary to make good the guaranty under that section ascertained, and final settlements made. In instances where advances or partial payments were heretofore certified such sums deducted from amounts ascertained in making final settlements:

Apalachicola Northern R. R. Co., 203.
Bridgton & Saco River R. R., 732.
Buffalo, Rochester & Pittsburgh Ry. Co., 21 ; 262.
Bullfrog Goldfield R. R. Co., 710.
Chicago & Eastern Illinois R. R. Co., 713.
Chicago Junction Ry. Co., 185.
Chicago, Milwaukee & St. Paul Ry. Co., 603.

FINAL SETTLEMENT—Continued.

Deering Southwestern Ry., 413.
 Denver & Rio Grande R. R. Co., 264.
 Detroit, Bay City & Western R. R. Co., 445.
 East St. Louis Connecting Ry. Co., 84.
 El Paso & Southwestern Co., 855.
 Flint River & Northeastern R. R. Co., 848.
 Georgia Northern Ry. Co., 525.
 Gulf, Florida & Alabama Ry. Co., 507.
 Jefferson & Northwestern Ry. Co., 755.
 Lake Erie & Western R. R. Co., 494.
 Lufkin, Hemphill & Gulf Ry. Co., 206.
 Manchester & Onelda Ry. Co., 741.
 Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., 781.
 Mississippi Central R. R. Co., 716.
 Mount Hope Mineral R. R. Co., 719.
 Oil Fields Short Line R. R. Co., 722.
 Pacific Coast Ry. Co., 332.
 Paris & Mt. Pleasant R. R. Co., 872.
 Philadelphia & Reading Ry. Co., 735.
 Rapid City, Black Hills & Western R. R. Co., 536.
 Raritan River R. R. Co., 209.
 Rock Island Southern Ry. Co., 619.
 St. Louis Merchants Bridge Terminal Ry. Co., 84.
 St. Louis Transfer Ry. Co., 84.
 San Antonio & Aransas Pass Ry. Co., 485.
 Santa Maria Valley R. R. Co., 293.
 Stanley, Merrill & Phillips Ry. Co., 105.
 Terminal R. R. Association of St. Louis, 84.
 Texas Midland R. R., 576.
 Tonopah & Goldfield R. R. Co., 663.
 Ulster & Delaware R. R. Co., 427.
 Ursina & North Fork Ry. Co., 57.
 Waterville Ry. Co., 851.
 Western Allegheny R. R. Co., 361.
 Wiggins Ferry Co., 84.
 Woodstock Ry. Co., 744.

The following companies found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Operating expenses, revenues, and fixed charges were billed to and included in accounts of the operating tenant companies during both the test and guaranty periods. The provisions of section 209 will therefore be fully applied to the results of operations through inclusion thereof in the accounts of the tenant lines which accepted the guaranty:

Akron Union Passenger Depot Co., 422.
 Albany Passenger Terminal Co., 331.
 Arkansas & Memphis R. R. Bridge & Terminal Co., 455.
 Atlanta Terminal Co., 411.
 Augusta Union Station Co., 551.
 Bay City Terminal Ry. Co., 651.
 Birmingham Terminal Co., 673.
 Boston Terminal Co., 367.
 Calumet Western Ry. Co., 368.

FINAL SETTLEMENT—Continued.

Camas Prairie R. R. Co., 359.
 Central Union Depot & Ry Co. of Cincinnati, 661.
 Charleston Union Station Co., 381.
 Chattanooga Station Co., 673.
 Columbia Union Station Co., 673.
 Denver Union Terminal Ry. Co., 443.
 Durham Union Station Co., 448.
 Erie Terminals R. R. Co., 596.
 Goldsboro Union Station Co., 416.
 Great Falls & Teton County Ry. Co., 607.
 Great Northern Terminal Ry. Co., 607.
 Gulf Terminal Co., 673.
 Indianapolis & Frankfort R. R. Co., 352.
 Jacksonville Terminal Co., 497.
 Kentucky & Indiana Terminal R. R. Co., 528.
 Macon Terminal Co., 372.
 Meridian Terminal Co., 673.
 Minneapolis Belt Line Co., 607.
 Mount Gilead Short Line Ry. Co., 598.
 Norfolk Terminal Ry. Co., 423.
 North Charleston Terminal Co., 673.
 Portland Terminal Co., 424.
 St. Johns River Terminal Co., 673.
 Savannah River Terminal Co., 425.
 Savannah Union Station Co., 673.
 Troy Union R. R. Co., 666.
 Union Depot Co. (Columbus, Ohio), 430.
 Woodstock & Blocton Ry. Co., 673.

The guaranty provisions of section 209 of the transportation act, 1920, found not applicable to the following companies, whose properties were operated during the test, Federal-control, and guaranty periods, as a part of the system of the Southern Ry. Co., which did not accept the provisions of section 209 and is therefore not entitled to the benefits thereof:

Cumberland Ry. Co., 553.
 Ensley Southern Ry. Co., 553.
 Sievern & Knoxville R. R. Co., 553.
 State University R. R. Co., 553.
 Tennessee & Carolina Southern Ry. Co., 553.

Alabama Central R. R. Co., as the amount disallowed for maintenance expenditures exceeds the excess credits ascertained as due the carrier before making the adjustments necessitated by the provisions of section 204 of the transportation act, 1920, such carrier did not sustain a deficit in railway operating income while under private operation in the Federal-control period, and is therefore not a "carrier" within the meaning of that section. Deficit Status of A. C. R. R., 574.

Allegheny & South Side Ry. Co., held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the interstate commerce act, and was not during any part of the Federal-control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

FINAL SETTLEMENT—Continued.

Asheville Southern Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination thereof and compensation for its use under Federal control was covered by contract with the director general as a part of the line of the Asheville & Craggy Mountain Ry. Co., and the results of operations during the guaranty period will be included in settlement with that company. Guaranty Status of A. S. Ry., 569.

Chesapeake Steamship Co., found not to be a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It is a carrier by water and does not operate any railroad line. Its capital stock is owned by the Atlantic Coast Line and Southern railroads, which do not exercise any actual control or direction of applicant's operations. Guaranty Status of Chesapeake S. S. Co., 484.

Chicago, New York & Boston Refrigerator Co., following *Guaranty Claim of C., N. Y. & B. Refrigerator Co.*, 70 I. C. C., 575, such carrier found not to have been, during any part of the guaranty period, a carrier by railroad within the meaning of section 209 of the transportation act, 1920. Application for a certificate entitling claimant to a guaranty payment, dismissed. Guaranty of C., N. Y. & B. R. Co., 7.

City of Prineville Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Property was not in operation prior to January, 1919, and was not under Federal control at the termination thereof. Guaranty Status of C. of P. Ry., 370.

Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, receiver), found to be a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920, but found not subject to the guaranty provisions of that section. Such carrier was operated during the test period by the C., H. & D. Ry. Co., whose test-period accounts were so kept that it has been found impracticable, without resort to arbitrary and unsupported assumptions, to make a segregation of the result of operations. Guaranty Claims of Receiver of D., T. & C. Ry., 37.

Galveston Terminal Ry. Co., found not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. The company did not during the guaranty period, nor has it heretofore, engaged in general transportation nor was it under Federal control at the termination thereof. Guaranty Status of G. T. Ry., 350.

Great Northern Equipment Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. It owns equipment leased to and operated by the Great Northern Ry. Co., and its entire capital stock is owned by that company. It is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern for the use of such equipment is reflected in the accounts of the railway company. Guaranty Status Great Falls & Teton County Ry. et al., 607 (608).

Port Arthur Canal & Dock Co., found not to be a "carrier" within the meaning of section 209 of the transportation act, 1920, and the guaranty provisions of that section found not applicable to such company. It does not perform any transportation service and deficits from operations during the test and guaranty periods found to arise from operations of elevators, warehouses, wharves, and docks. Settlement with P. A. C. & D. Co., 685.

FINAL SETTLEMENT—Continued.

Potato Creek R. R. Co., conditional acceptance of the benefits of section 209 of the transportation act, 1920, held invalid. The statute makes no provision for a conditional acceptance. Guaranty Status of P. C. R. R., 457.

Valley & Siletz R. R. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Such carrier was not operated prior to Federal control nor was it under Federal control at the termination thereof, and since the carrier had no contract for compensation during such period, nor was any estimate of compensation made by the President, there is no basis for computing any guaranty. Guaranty Status of V. & S. R. R., 555.

Van Buren Bridge Co., found not to be a "carrier" within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It owns no equipment, has no tariff rates or charges, and no relations with the public. Guaranty Status of V. B. B. Co., 459.

FIRST-MORTGAGE BONDS. See BONDS.

FLOATING DEBT.

Calro, Truman & Southern R. R. Co., authority to issue promissory notes, part thereof to be used to cover floating debts, granted. Notes of C., T. & S. R. R., 3.

FREIGHT CARS.

Contributions toward the purchase of equipment acquired, either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 75 per cent of the whole in respect of freight-train cars. Loan to Seaboard-Bay Line, 464 (469).

GONDOLA CARS.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola cars, granted. C. & S. R. Equipment Trust of 1922, 517.

GUARANTY.**In General:**

The commission is without authority to certify any amount for payment under section 209 of the transportation act, 1920, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation. Payment of A. & S. S. Ry., 93.

The statute makes no provision for a conditional acceptance of the guaranty provision under section 209 of the transportation act, 1920. The duty and obligation of determining railway operating income for the test and guaranty periods is imposed upon the commission, and it is required to make such determination in accordance with rules laid down in the section. If a "condition" merely contemplates the application of some rule in the statute, it might be treated as surplusage, but it is invalid if it attempts to control the computation of income in a manner not contemplated by the statute. Guaranty Status of Potato Creek R. R., 457.

GUARANTY—Continued.

The following companies found to be "carriers" within the meaning of paragraph (a) of section 209 of the transportation act, 1920. Amounts necessary to make good the guaranty under that section ascertained, and final settlements made. In instances where advances or partial payments were heretofore certified such sums deducted from amounts ascertained in making final settlements:

Apalachicola Northern R. R. Co., 203.
 Bridgton & Saco River R. R., 732.
 Buffalo, Rochester & Pittsburgh Ry. Co., 21; 262.
 Bullfrog Goldfield R. R. Co., 710.
 Chicago & Eastern Illinois R. R. Co., 713.
 Chicago Junction Ry. Co., 185.
 Chicago, Milwaukee & St. Paul Ry. Co., 603.
 Deering Southwestern Ry., 413.
 Denver & Rio Grande R. R. Co., 264.
 Detroit, Bay City & Western R. R. Co., 445.
 East St. Louis Connecting Ry. Co., 84.
 El Paso & Southwestern Co., 855.
 Flint River & Northeastern R. R. Co., 848.
 Georgia Northern Ry. Co., 525.
 Gulf, Florida & Alabama Ry. Co., 507.
 Jefferson & Northwestern Ry. Co., 755.
 Lake Erie & Western R. R. Co., 494.
 Lufkin, Hemphill & Gulf Ry. Co., 206.
 Manchester & Oneida Ry. Co., 741.
 Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., 781.
 Mississippi Central R. R. Co., 716.
 Mount Hope Mineral R. R. Co., 719.
 Oil Fields Short Line R. R. Co., 722.
 Pacific Coast Ry. Co., 332.
 Paris & Mt. Pleasant R. R. Co., 872.
 Philadelphia & Reading Ry. Co., 735.
 Rapid City, Black Hills & Western R. R. Co., 536.
 Raritan River R. R. Co., 209.
 Rock Island Southern Ry. Co., 619.
 St. Louis Merchants Bridge Terminal Ry. Co., 84.
 St. Louis Transfer Ry. Co., 84.
 San Antonio & Aransas Pass Ry. Co., 485.
 Santa Maria Valley R. R. Co., 293.
 Stanley, Merrill & Phillips Ry. Co., 105.
 Terminal R. R. Association of St. Louis, 84.
 Texas Midland R. R., 576.
 Tonopah & Goldfield R. R. Co., 663.
 Ulster & Delaware R. R. Co., 427.
 Ursina & North Fork Ry. Co., 57.
 Waterville Ry. Co., 851.
 Western Allegheny R. R. Co., 361.
 Wiggins Ferry Co., 84.
 Woodstock Ry. Co., 744.

The following companies found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Operating expenses, revenues, and fixed charges were billed to and included in accounts of the operat-

GUARANTY—Continued.

ing tenant companies during both the test and guaranty periods. The provisions of section 209 will therefore be fully applied to the results of operations through inclusion thereof in the accounts of the tenant lines which accepted the guaranty:

- Akron Union Passenger Depot Co., 422.
- Albany Passenger Terminal Co., 331.
- Arkansas & Memphis R. R. Bridge & Terminal Co., 455.
- Atlanta Terminal Co., 411.
- Augusta Union Station Co., 551.
- Bay City Terminal Ry. Co., 651.
- Birmingham Terminal Co., 673.
- Boston Terminal Co., 367.
- Calumet Western Ry. Co., 368.
- Camas Prairie R. R. Co., 359.
- Central Union Depot & Ry. Co. of Cincinnati, 661.
- Charleston Union Station Co., 381.
- Chattanooga Station Co., 673.
- Columbia Union Station Co., 673.
- Denver Union Terminal Ry. Co., 443.
- Durham Union Station Co., 448.
- Erie Terminals R. R. Co., 596.
- Goldsboro Union Station Co., 416.
- Great Falls & Teton County Ry. Co., 607.
- Great Northern Terminal Ry. Co., 607.
- Gulf Terminal Co., 673.
- Indianapolis & Frankfort R. R. Co., 352.
- Jacksonville Terminal Co., 497.
- Kentucky & Indiana Terminal R. R. Co., 528.
- Macon Terminal Co., 372.
- Meridian Terminal Co., 673.
- Minneapolis Belt Line Co., 607.
- Mount Gilead Short Line Ry. Co., 598.
- Norfolk Terminal Ry. Co., 423.
- North Charleston Terminal Co., 673.
- Portland Terminal Co., 424.
- St. Johns River Terminal Co., 673.
- Savannah River Terminal Co., 425.
- Savannah Union Station Co., 673.
- Troy Union R. R. Co., 666.
- Union Depot Co. (Columbus, Ohio), 430.
- Woodstock & Blocton Ry. Co., 673.

The guaranty provisions of section 209 of the transportation act, 1920, found not applicable to the following companies, whose properties were operated during the test, Federal control, and guaranty periods, as a part of the system of the Southern Ry. Co., which did not accept the provisions of section 209 and is therefore not entitled to the benefits thereof:

- Cumberland Ry. Co., 553.
- Ensley Southern Ry. Co., 553.
- Sievern & Knoxville R. R. Co., 553.
- State University R. R. Co., 553.
- Tennessee & Carolina Southern Ry. Co., 553.

GUARANTY—Continued.

Allegheny & South Side Ry. Co., held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the interstate commerce act, and was not during any part of the Federal-control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

Asheville Southern Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination thereof and compensation for its use under Federal control was covered by contract with the director general as a part of the line of the Asheville & Craggy Mountain Ry. Co., and the results of operations during the guaranty period will be included in settlement with that company. Guaranty Status of A. S. Ry., 569.

Chesapeake Steamship Co., found not to be a "carrier" within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It is a carrier by water and does not operate any railroad line. Its capital stock is owned by the Atlantic Coast Line and Southern railroads, which do not exercise any actual control or direction of applicant's operations. Guaranty Status of C. S. S. Co., 484.

Chicago, New York & Boston Refrigerator Co., following *Guaranty Claim of C., N. Y. & B. Refrigerator Co.*, 70 I. C. C., 575, such carrier found not to have been, during any part of the guaranty period, a carrier by railroad within the meaning of section 209 of the transportation act, 1920. Application for a certificate entitling claimant to a guaranty payment, dismissed. Guaranty of C., N. Y. & B. R. Co., 7.

City of Prineville Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Property was not in operation prior to January, 1919, and was not under Federal control at the termination thereof. Guaranty Status of C. of P. Ry., 370.

Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, receiver), found to be a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920, but found not to be subject to the guaranty provisions of that section. Such carrier was operated during the test period by the Cincinnati, Hamilton & Dayton Ry. Co., whose test-period accounts were so kept that it has been found impracticable, without resort to arbitrary and unsupported assumption, to make a segregation of the result of operations. Guaranty Claims of Receiver of D., T. & C. Ry., 37.

Galveston Terminal Ry. Co., found not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. The company did not, during the guaranty period, nor has it heretofore, engaged in general transportation, nor was it under Federal control at the termination thereof. Guaranty Status of G. T. Ry., 350.

Great Northern Equipment Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. It owns equipment leased to and operated by the Great Northern Ry. Co., its entire capital stock is owned by that company, it is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern for the use of such equipment is reflected in the accounts of the railway company. Guaranty Status Great Falls & Teton County Ry., et al., 607 (608).

GUARANTY—Continued.

Port Arthur Canal & Dock Co., found not to be a "carrier" within the meaning of section 209 of the transportation act, 1920, and the guaranty provisions of that section found not applicable to such company. It does not perform any transportation service and deficits from operations during the test and guaranty periods found to arise from operations of elevators, warehouses, wharves, and docks. Settlement with P. A. C. & D. Co., 685.

Potato Creek R. R. Co., conditional acceptance of the benefits of section 209 of the transportation act, 1920, held invalid. The statute makes no provision for a conditional acceptance. Guaranty Status of P. C. R. R., 457.

Valley & Siletz R. R. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Such carrier was not operated prior to Federal control nor was it under Federal control at the termination thereof, and since the carrier had no contract for compensation during such period, nor was any estimate of compensation made by the President, there is no basis for computing any guaranty. Guaranty Status of V. & S. R. R., 555.

Van Buren Bridge Co., found not to be a "carrier" within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It owns no equipment, has no tariff rates or charges, and no relations with the public. Guaranty Status of V. B. B. Co., 459.

IMPROVEMENTS. See **ADDITIONS AND BETTERMENTS.**

INTEREST.

New York, Lake Erie & Western Coal & R. R. Co., authority to extend the date of maturity of first-mortgage bonds and to reduce the interest rate from 6 per cent to 5½ per cent, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

New York, New Haven & Hartford R. R. Co., authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof by increasing the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due, the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

INTERURBAN ROADS.

In General: The service of interurban electric railways is distinguished by its local and limited character and by the fact that the bulk of their revenues are derived from the transportation of passengers. Their facilities for handling freight are usually inadequate or lacking so as to disable them from engaging in its general transportation. The amount of business interchanged by them with connecting carriers is ordinarily very small. Proposed Control of S. N. by W. P. R. R., 653 (657).

Sacramento Northern R. R. Co., the commission is by no means convinced that this carrier is an interurban electric railway as that term is used in the statute, although much of the transportation service rendered by it is similar to that rendered by electric interurban railways. Proposed Control of S. N. by W. P. R. R., 653 (656).

ISSUANCE OF SECURITIES. See **SECURITIES.**

FINAL SETTLEMENT—Continued.

Deering Southwestern Ry., 413.
 Denver & Rio Grande R. R. Co., 264.
 Detroit, Bay City & Western R. R. Co., 445.
 East St. Louis Connecting Ry. Co., 84.
 El Paso & Southwestern Co., 855.
 Flint River & Northeastern R. R. Co., 848.
 Georgia Northern Ry. Co., 525.
 Gulf, Florida & Alabama Ry. Co., 507.
 Jefferson & Northwestern Ry. Co., 755.
 Lake Erie & Western R. R. Co., 494.
 Lufkin, Hemphill & Gulf Ry. Co., 206.
 Manchester & Oneida Ry. Co., 741.
 Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., 781.
 Mississippi Central R. R. Co., 716.
 Mount Hope Mineral R. R. Co., 719.
 Oil Fields Short Line R. R. Co., 722.
 Pacific Coast Ry. Co., 332.
 Paris & Mt. Pleasant R. R. Co., 872.
 Philadelphia & Reading Ry. Co., 735.
 Rapid City, Black Hills & Western R. R. Co., 536.
 Raritan River R. R. Co., 209.
 Rock Island Southern Ry. Co., 619.
 St. Louis Merchants Bridge Terminal Ry. Co., 84.
 St. Louis Transfer Ry. Co., 84.
 San Antonio & Aransas Pass Ry. Co., 485.
 Santa Maria Valley R. R. Co., 293.
 Stanley, Merrill & Phillips Ry. Co., 105.
 Terminal R. R. Association of St. Louis, 84.
 Texas Midland R. R., 576.
 Tonopah & Goldfield R. R. Co., 663.
 Ulster & Delaware R. R. Co., 427.
 Ursina & North Fork Ry. Co., 57.
 Waterville Ry. Co., 851.
 Western Allegheny R. R. Co., 361.
 Wiggins Ferry Co., 84.
 Woodstock Ry. Co., 744.

The following companies found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Operating expenses, revenues, and fixed charges were billed to and included in accounts of the operating tenant companies during both the test and guaranty periods. The provisions of section 209 will therefore be fully applied to the results of operations through inclusion thereof in the accounts of the tenant lines which accepted the guaranty:

Akron Union Passenger Depot Co., 422.
 Albany Passenger Terminal Co., 331.
 Arkansas & Memphis R. R. Bridge & Terminal Co., 455.
 Atlanta Terminal Co., 411.
 Augusta Union Station Co., 551.
 Bay City Terminal Ry. Co., 651.
 Birmingham Terminal Co., 673.
 Boston Terminal Co., 367.
 Calumet Western Ry. Co., 368.

FINAL SETTLEMENT—Continued.

Camas Prairie R. R. Co., 359.
 Central Union Depot & Ry Co. of Cincinnati, 661.
 Charleston Union Station Co., 381.
 Chattanooga Station Co., 673.
 Columbia Union Station Co., 673.
 Denver Union Terminal Ry. Co., 443.
 Durham Union Station Co., 448.
 Erie Terminals R. R. Co., 596.
 Goldsboro Union Station Co., 416.
 Great Falls & Teton County Ry. Co., 607.
 Great Northern Terminal Ry. Co., 607.
 Gulf Terminal Co., 673.
 Indianapolis & Frankfort R. R. Co., 352.
 Jacksonville Terminal Co., 497.
 Kentucky & Indiana Terminal R. R. Co., 528.
 Macon Terminal Co., 372.
 Meridian Terminal Co., 673.
 Minneapolis Belt Line Co., 607.
 Mount Gilead Short Line Ry. Co., 598.
 Norfolk Terminal Ry. Co., 423.
 North Charleston Terminal Co., 673.
 Portland Terminal Co., 424.
 St. Johns River Terminal Co., 673.
 Savannah River Terminal Co., 425.
 Savannah Union Station Co., 673.
 Troy Union R. R. Co., 666.
 Union Depot Co. (Columbus, Ohio), 430.
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The guaranty provisions of section 209 of the transportation act, 1920, found not applicable to the following companies, whose properties were operated during the test, Federal-control, and guaranty periods, as a part of the system of the Southern Ry. Co., which did not accept the provisions of section 209 and is therefore not entitled to the benefits thereof:

Cumberland Ry. Co., 553.
 Ensley Southern Ry. Co., 553.
 Sievern & Knoxville R. R. Co., 553.
 State University R. R. Co., 553.
 Tennessee & Carolina Southern Ry. Co., 553.

Alabama Central R. R. Co., as the amount disallowed for maintenance expenditures exceeds the excess credits ascertained as due the carrier before making the adjustments necessitated by the provisions of section 204 of the transportation act, 1920, such carrier did not sustain a deficit in railway operating income while under private operation in the Federal-control period, and is therefore not a "carrier" within the meaning of that section. Deficit Status of A. C. R. R., 574.

Allegheny & South Side Ry. Co., held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the interstate commerce act, and was not during any part of the Federal-control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

FINAL SETTLEMENT—Continued.

- Asheville Southern Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination thereof and compensation for its use under Federal control was covered by contract with the director general as a part of the line of the Asheville & Craggy Mountain Ry. Co., and the results of operations during the guaranty period will be included in settlement with that company. Guaranty Status of A. S. Ry., 569.
- Chesapeake Steamship Co., found not to be a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It is a carrier by water and does not operate any railroad line. Its capital stock is owned by the Atlantic Coast Line and Southern railroads, which do not exercise any actual control or direction of applicant's operations. Guaranty Status of Chesapeake S. S. Co., 484.
- Chicago, New York & Boston Refrigerator Co., following *Guaranty Claim of C., N. Y. & B. Refrigerator Co.*, 70 I. C. C., 575, such carrier found not to have been, during any part of the guaranty period, a carrier by railroad within the meaning of section 209 of the transportation act, 1920. Application for a certificate entitling claimant to a guaranty payment, dismissed. Guaranty of C., N. Y. & B. R. Co., 7.
- City of Prineville Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Property was not in operation prior to January, 1919, and was not under Federal control at the termination thereof. Guaranty Status of C. of P. Ry., 370.
- Dayton, Toledo & Chicago Ry. Co. (W. H. Ogborn, receiver), found to be a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920, but found not subject to the guaranty provisions of that section. Such carrier was operated during the test period by the C., H. & D. Ry. Co., whose test-period accounts were so kept that it has been found impracticable, without resort to arbitrary and unsupported assumptions, to make a segregation of the result of operations. Guaranty Claims of Receiver of D., T. & C. Ry., 37.
- Galveston Terminal Ry. Co., found not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. The company did not during the guaranty period, nor has it heretofore, engaged in general transportation nor was it under Federal control at the termination thereof. Guaranty Status of G. T. Ry., 350.
- Great Northern Equipment Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. It owns equipment leased to and operated by the Great Northern Ry. Co., and its entire capital stock is owned by that company. It is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern for the use of such equipment is reflected in the accounts of the railway company. Guaranty Status Great Falls & Teton County Ry. et al., 607 (608).
- Port Arthur Canal & Dock Co., found not to be a "carrier" within the meaning of section 209 of the transportation act, 1920, and the guaranty provisions of that section found not applicable to such company. It does not perform any transportation service and deficits from operations during the test and guaranty periods found to arise from operations of elevators, warehouses, wharves, and docks. Settlement with P. A. C. & D. Co., 685.

FINAL SETTLEMENT—Continued.

Potato Creek R. R. Co., conditional acceptance of the benefits of section 209 of the transportation act, 1920, held invalid. The statute makes no provision for a conditional acceptance. Guaranty Status of P. C. R. R., 457.

Valley & Siletz R. R. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Such carrier was not operated prior to Federal control nor was it under Federal control at the termination thereof, and since the carrier had no contract for compensation during such period, nor was any estimate of compensation made by the President, there is no basis for computing any guaranty. Guaranty Status of V. & S. R. R., 555.

Van Buren Bridge Co., found not to be a "carrier" within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It owns no equipment, has no tariff rates or charges, and no relations with the public. Guaranty Status of V. B. B. Co., 459.

FIRST-MORTGAGE BONDS. See BONDS.

FLOATING DEBT.

Cairo, Truman & Southern R. R. Co., authority to issue promissory notes, part thereof to be used to cover floating debts, granted. Notes of C., T. & S. R. R., 3.

FREIGHT CARS.

Contributions toward the purchase of equipment acquired, either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 75 per cent of the whole in respect of freight-train cars. Loan to Seaboard-Bay Line, 464 (469).

GONDOLA CARS.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola cars, granted. C. & S. R. Equipment Trust of 1922, 517.

GUARANTY.**In General:**

The commission is without authority to certify any amount for payment under section 209 of the transportation act, 1920, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation. Payment of A. & S. S. Ry., 93.

The statute makes no provision for a conditional acceptance of the guaranty provision under section 209 of the transportation act, 1920. The duty and obligation of determining railway operating income for the test and guaranty periods is imposed upon the commission, and it is required to make such determination in accordance with rules laid down in the section. If a "condition" merely contemplates the application of some rule in the statute, it might be treated as surplusage, but it is invalid if it attempts to control the computation of income in a manner not contemplated by the statute. Guaranty Status of Potato Creek R. R., 457.

GUARANTY—Continued.

The following companies found to be "carriers" within the meaning of paragraph (a) of section 209 of the transportation act, 1920. Amounts necessary to make good the guaranty under that section ascertained, and final settlements made. In instances where advances or partial payments were heretofore certified such sums deducted from amounts ascertained in making final settlements:

Apalachicola Northern R. R. Co., 203.
 Bridgton & Saco River R. R., 732.
 Buffalo, Rochester & Pittsburgh Ry. Co., 21; 262.
 Bullfrog Goldfield R. R. Co., 710.
 Chicago & Eastern Illinois R. R. Co., 713.
 Chicago Junction Ry. Co., 185.
 Chicago, Milwaukee & St. Paul Ry. Co., 603.
 Deering Southwestern Ry., 413.
 Denver & Rio Grande R. R. Co., 264.
 Detroit, Bay City & Western R. R. Co., 445.
 East St. Louis Connecting Ry. Co., 84.
 El Paso & Southwestern Co., 855.
 Flint River & Northeastern R. R. Co., 848.
 Georgia Northern Ry. Co., 525.
 Gulf, Florida & Alabama Ry. Co., 507.
 Jefferson & Northwestern Ry. Co., 755.
 Lake Erie & Western R. R. Co., 494.
 Lufkin, Hemphill & Gulf Ry. Co., 206.
 Manchester & Oneida Ry. Co., 741.
 Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., 781.
 Mississippi Central R. R. Co., 716.
 Mount Hope Mineral R. R. Co., 719.
 Oil Fields Short Line R. R. Co., 722.
 Pacific Coast Ry. Co., 332.
 Paris & Mt. Pleasant R. R. Co., 872.
 Philadelphia & Reading Ry. Co., 735.
 Rapid City, Black Hills & Western R. R. Co., 536.
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 Rock Island Southern Ry. Co., 619.
 St. Louis Merchants Bridge Terminal Ry. Co., 84.
 St. Louis Transfer Ry. Co., 84.
 San Antonio & Aransas Pass Ry. Co., 485.
 Santa Maria Valley R. R. Co., 293.
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 Terminal R. R. Association of St. Louis, 84.
 Texas Midland R. R., 576.
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The following companies found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Operating expenses, revenues, and fixed charges were billed to and included in accounts of the operat-

GUARANTY—Continued.

ing tenant companies during both the test and guaranty periods. The provisions of section 209 will therefore be fully applied to the results of operations through inclusion thereof in the accounts of the tenant lines which accepted the guaranty:

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 Charleston Union Station Co., 381.
 Chattanooga Station Co., 673.
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 Denver Union Terminal Ry. Co., 443.
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 Erie Terminals R. R. Co., 596.
 Goldsboro Union Station Co., 416.
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 Jacksonville Terminal Co., 497.
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 Macon Terminal Co., 372.
 Meridian Terminal Co., 673.
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 Norfolk Terminal Ry. Co., 423.
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 State University R. R. Co., 553.
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GUARANTY—Continued.

Allegheny & South Side Ry. Co., held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the interstate commerce act, and was not during any part of the Federal-control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

Asheville Southern Ry. Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. Its property was under Federal control at the termination thereof and compensation for its use under Federal control was covered by contract with the director general as a part of the line of the Asheville & Craggy Mountain Ry. Co., and the results of operations during the guaranty period will be included in settlement with that company. Guaranty Status of A. S. Ry., 569.

Chesapeake Steamship Co., found not to be a "carrier" within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It is a carrier by water and does not operate any railroad line. Its capital stock is owned by the Atlantic Coast Line and Southern railroads, which do not exercise any actual control or direction of applicant's operations. Guaranty Status of C. S. S. Co., 484.

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Galveston Terminal Ry. Co., found not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. The company did not, during the guaranty period, nor has it heretofore, engaged in general transportation, nor was it under Federal control at the termination thereof. Guaranty Status of G. T. Ry., 350.

Great Northern Equipment Co., found not subject to the guaranty provisions of section 209 of the transportation act, 1920. It owns equipment leased to and operated by the Great Northern Ry. Co., its entire capital stock is owned by that company, it is not an operating company, and all expense in connection with the maintenance of its equipment and all rental collected from carriers other than the Great Northern for the use of such equipment is reflected in the accounts of the railway company. Guaranty Status Great Falls & Teton County Ry., et al., 607 (608).

GUARANTY—Continued.

Port Arthur Canal & Dock Co., found not to be a "carrier" within the meaning of section 209 of the transportation act, 1920, and the guaranty provisions of that section found not applicable to such company. It does not perform any transportation service and deficits from operations during the test and guaranty periods found to arise from operations of elevators, warehouses, wharves, and docks. Settlement with P. A. C. & D. Co., 685.

Potato Creek R. R. Co., conditional acceptance of the benefits of section 209 of the transportation act, 1920, held invalid. The statute makes no provision for a conditional acceptance. Guaranty Status of P. C. R. R., 457.

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Van Buren Bridge Co., found not to be a "carrier" within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It owns no equipment, has no tariff rates or charges, and no relations with the public. Guaranty Status of V. B. B. Co., 459.

IMPROVEMENTS. See ADDITIONS AND BETTERMENTS.**INTEREST.**

New York, Lake Erie & Western Coal & R. R. Co., authority to extend the date of maturity of first-mortgage bonds and to reduce the interest rate from 6 per cent to 5½ per cent, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

New York, New Haven & Hartford R. R. Co., authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof by increasing the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due, the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

INTERURBAN ROADS.

In General: The service of interurban electric railways is distinguished by its local and limited character and by the fact that the bulk of their revenues are derived from the transportation of passengers. Their facilities for handling freight are usually inadequate or lacking so as to disable them from engaging in its general transportation. The amount of business interchanged by them with connecting carriers is ordinarily very small. Proposed Control of S. N. by W. P. R. R., 653 (657).

Sacramento Northern R. R. Co., the commission is by no means convinced that this carrier is an interurban electric railway as that term is used in the statute, although much of the transportation service rendered by it is similar to that rendered by electric interurban railways. Proposed Control of S. N. by W. P. R. R., 653 (656).

ISSUANCE OF SECURITIES. See SECURITIES.

JURISDICTION.

Abandonment: Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held:* The interpretation by the Supreme Court in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. Public-Convenience Application of D. & N. M. Ry., 795 (799).

Acquisition of Control:

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., acquisition of additional capital stock of the Peoria & Eastern Ry. Co., which is controlled by the Big Four through ownership of a majority of such capital stock, held not within the scope of paragraph (2), section 5, of the act. Purchase of the remaining stock will not give the Big Four any other or further control over such carrier than that which it had acquired prior to the enactment of the paragraph. Control of P. & E. by Big Four, 747.

Western Pacific R. R. Co., acquisition of control of the Sacramento Northern R. R., an electric line, by the purchase of its capital stock and bonds, denied. The Sacramento Northern must make application to the commission under section 20a of the act for authority to issue its stock and to assume the obligations of the old Sacramento Northern Ry. Co. Until such application is made the commission is unable to pass upon the acquisition of control by the Western Pacific. The stock proposed to be acquired would have no validity without the commission's authorization. Proposed Control of S. N. by W. P. R. R., 653.

Deficit Claims: The commission is without authority to certify any amount for payment under section 204 of the transportation act, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation, and the burden rests upon a claimant to establish its status under that section. Deficit Claims of A. & S. S. Ry., 90 (91).

Extension of Line: Gulf Ports Terminal Ry. Co., on further hearing, construction of an extension in Baldwin and Mobile Counties, Ala., held not to be within the provisions of paragraph (18) of section 1 of the act, and no certificate of public convenience and necessity is required. Proposed extension was begun prior to enactment of the transportation act, 1920, and there is nothing to indicate that the construction of the extension was ever definitely abandoned. Original report, 70 I. C. C., 358. Construction Application of G. P. T. Ry., 759.

Guaranty Claims: The commission is without authority to certify any amount for payment under section 209 of the transportation act, 1920, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation. Payment of A. & S. S. Ry., 93.

JURISDICTION—Continued.**Issuance of Securities:**

Application of The Pullman Co., which is in part a common carrier and in part a manufacturing corporation, for authority to issue capital stock for the purpose of acquiring all the assets of the Haskell & Barker Car Co. (Inc.), another manufacturing corporation, *Held*: It was not necessary to apply to the commission for permission to issue such securities, but since there is room for doubt concerning the matter, the commission has decided to assume jurisdiction in the premises. Stock of The Pullman Co., 11 (14).

While it is within the commission's province under section 20a of the act to authorize the issuance of receivers' certificates it is not to be understood that by giving such authority the commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificate of Receivers of C., P. & St. L. R. R., 283 (284).

The fact that a road is operated electrically does not remove it from the commission's jurisdiction under section 20a of the act. Proposed Control of S. N. by W. P. R. R., 653 (657).

Retention of Excess Earnings: Under paragraph (18) of section 15a of the act, the permission to retain earnings in excess of the amount provided under that section which the commission is authorized to grant is confined to newly constructed lines of railroad and does not apply to a line which has been in existence prior to the effective date of the paragraph. Public Convenience Certificate to G., A., S. & C. Ry. Co., 616 (617).

Water Carriers: The commission has no jurisdiction over a proposed assumption of obligations and liabilities by a carrier which is a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act. Securities of Seaboard-Bay Line Co., 501 (502).

LEASE.

Erie R. R. Co., authority to assume obligation and liability, as guarantor and lessee in respect of bonds of the New York, Lake Erie & Western Coal & R. R. Co.; and to extend the term of the lease of the coal company, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

New York, Lake Erie & Western Coal & R. R. Co., authority to extend the term of the lease of its property, railroad, and franchises to the Erie R. R. Co., granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

LIABILITIES. See OBLIGATIONS OR LIABILITIES.**LOANS TO CARRIERS.**

In General: Where the public interest requires the operation of railroad property, the commission can not, for the purposes of fixing a loan criterion, assign to that property only the salvage value attaching to an abandoned road. Loan to M. & N. A. R. R., 395 (399).

LOANS TO CARRIERS—Continued.**Acquisition of Equipment:****In General—**

Under the principles announced by the commission for apportioning the revolving fund, requirements of carriers in respect of passenger-train equipment are subordinated to those for freight-train equipment. Loan to Seaboard-Bay Line, 464 (465).

The commission can not construe the act as imposing the stupendous and seemingly impractical task of analysis of every means of financing equipment for all carriers, or as precluding it from determining the most appropriate method for financing the equipment needs of a single carrier. This seems particularly true if the commission is to consider the purposes of loans under section 210 as limited by the necessities of the period immediately following the termination of Federal control. *Id.* (468).

The advantages which a carrier may derive by the purchase of equipment during a period of low prices and by the repair of its bad-order cars under favorable conditions make it the part of good management to do so, and form a proper basis for a loan under section 210 of the transportation act, 1920. *Id.* (468).

Fact that there is a general condition of oversupply of cars would not justify the commission in considering the application of a carrier for a loan for the acquisition of equipment taking a stand that would require it to continue to pay from its revenues excessive car hire to other carriers, especially when it is considered that this car hire is paid at the current per diem rate. *Id.* (468).

Contributions toward the purchase of equipment acquired, either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 50 per cent of the whole in respect of locomotives and to 75 per cent in respect of freight-train cars. In loans made through the National Railway Service Corporation a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. *Id.* (469).

Applications Denied—

Cape Girardeau Northern Ry. Co., 880.

Cincinnati, Indianapolis & Western R. R. Co., 539.

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Ocala Southern R. R. Co., 321.

Rock Island Southern Ry. Co., 323.

Salina Northern R. R. Co., 291.

Wabash, Chester & Western R. R. Co., 137.

Applications Granted in Part—

Seaboard Air Line Ry. Co. through Seaboard-Bay Line Co., 464.

Seaboard-Bay Line Co., for Seaboard Air Line Ry. Co., 464.

LOANS TO CARRIERS—Continued.**Additions and Betterments:****Applications Denied—**

Cape Girardeau Northern Ry. Co., 880.
 Carrollton & Worthville R. R. Co., 232.
 Chicago & Western Indiana R. R. Co., 488.
 Cincinnati, Indianapolis & Western R. R. Co., 539.
 Denver & Salt Lake R. R. Co., 219.
 Maxton, Alma & Southbound R. R. Co., 260.
 Midland Ry., 306.
 Ocilla Southern R. R. Co., 321.
 Pecos Valley Southern Ry. Co., 308.
 Rock Island Southern Ry. Co., 323.
 Salina Northern R. R. Co., 291.
 Shearwood Ry. Co., 299.
 Tennessee R. R. Co., 279.
 Wabash, Chester & Western R. R. Co., 137.
 Wyoming Ry. Co., 310.

Applications Granted—

Cisco & Northeastern Ry. Co., 273.
 Gulf, Mobile & Northern R. R. Co., 156.
 Missouri & North Arkansas R. R. Co., 395.

Applications Granted in Part—

New York, New Haven & Hartford R. R. Co., 761.

Applications Denied:

Atlanta, Birmingham & Atlantic Ry. Co., 116.
 Cape Girardeau Northern Ry. Co., 880.
 Carrollton & Worthville R. R. Co., 232.
 Chicago & Western Indiana R. R. Co., 488.
 Cincinnati, Indianapolis & Western R. R. Co., 539.
 Denver & Salt Lake R. R. Co., 219.
 Maxton, Alma & Southbound R. R. Co., 260.
 Midland Ry., 306.
 Northeast Oklahoma R. R. Co., 286.
 Ocilla Southern R. R. Co., 321.
 Pecos Valley Southern Ry. Co., 308.
 Rock Island Southern Ry. Co., 323.
 Salina Northern R. R. Co., 291.
 Shearwood Ry. Co., 299.
 Tennessee R. R. Co., 279.
 Wabash, Chester & Western R. R. Co., 137.
 Wyoming Ry. Co., 310.

Applications Granted:

Birmingham & Northwestern Ry. Co., 173.
 Boston & Maine R. R., 296.
 Chicago, Milwaukee & St. Paul Ry. Co., 53.
 Cisco & Northeastern Ry. Co., 108; 273.
 Gulf, Mobile & Northern R. R. Co., 156.
 Missouri & North Arkansas R. R. Co., 395.
 Norfolk Southern R. R. Co., 325.

Applications Granted in Part:

New York, New Haven & Hartford R. R. Co., 163; 761.
 Seaboard Air Line Ry. Co., through Seaboard-Bay Line Co., 464.
 Seaboard Bay Line Co., for Seaboard Air Line Ry. Co., 464.

LOANS TO CARRIERS—Continued.**Certificates Canceled:**

Chicago, Indianapolis & Louisville Ry. Co., 1.

Contributions of Private Capital: Contributions toward the purchase of equipment acquired, either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 50 per cent of the whole in respect of locomotives and to 75 per cent in respect of freight-train cars. In loans made through the National Railway Service Corporation a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. Loan to Seaboard-Bay Line, 464 (469).

To Meet Maturities:**Applications Denied—**

Atlanta, Birmingham & Atlantic Ry. Co., 116.

Cape Girardeau Northern Ry. Co., 880.

Carrollton & Worthville R. R. Co., 232.

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Northeast Oklahoma R. R. Co., 286.

Salina Northern R. R. Co., 291.

Shearwood Ry. Co., 299.

Wabash, Chester & Western R. R. Co., 137.

Wyoming Ry. Co., 310.

Applications Granted—

Birmingham & Northwestern Ry. Co., 173.

Boston & Maine R. R., 296.

Chicago, Milwaukee & St. Paul Ry. Co., 53.

Cisco & Northeastern Ry. Co., 108.

Gulf, Mobile & Northern R. R. Co., 156.

Missouri & North Arkansas R. R. Co., 395.

Norfolk Southern R. R. Co., 325.

Applications Granted in Part—

New York, New Haven & Hartford R. R. Co., 163; 761.

Unexpended Balances:

Boston & Maine R. R., upon supplemental application, former report in 65 I. C. C., 402, further amended to provide for further rearrangement and redistribution of the loan so as to include additional equipment. Loan to B. & M. R. R., 629.

Chesapeake & Ohio Ry. Co., upon supplemental application, authority for an extension of the time within which expenditures from and in connection with the loan approved in 67 I. C. C., 407, to aid applicant in providing additions and betterments to way and structures, shall have been made or definitely obligated, granted. Loan to C. & O. Ry., 9.

Erie R. R. Co., upon supplemental application in respect of the loan for additions and betterments heretofore authorized in 65 I. C. C., 317, authority granted to apply specified amounts to projects not originally included in the purposes of the loan; and to extend the time within which said loan shall be expended or definitely obligated. Loan to E. R. R., 212.

LOANS TO CARRIERS—Continued.**Unexpended Balances—Continued.**

- Fernwood, Columbia & Gulf R. R. Co., upon supplemental application in respect of the loan heretofore authorized in 67 I. C. C., 402, authority to apply the unexpended balance in respect for additions and betterments on the item of passing tracks to the work of rebuilding trestles with creosoted timber, granted. Loan to F., C. & G. R. R., 278.
- Fort Smith & Western R. R. Co., upon supplemental application, time within which applicant shall expend or definitely obligate proceeds of loan granted in 65 I. C. C., 459 for additions and betterments, extended. Loan to Receiver of Ft. S. & W. R. R., 373.
- Gulf, Mobile & Northern R. R. Co., upon supplemental application in respect of a loan for equipment and other additions and betterments heretofore granted in 65 I. C. C., 358, authority granted to substitute one locomotive crane in place of one switch engine originally included in the purposes of the loan, and to apply the underruns of one switch engine purchased and one locomotive crane to the overrun on an interlocker. Loan to G., M. & N. R. R., 128.
- Hocking Valley Ry. Co., upon supplemental application, certificate in 65 I. C. C., 812, approving a loan to provide additions and betterments to roadway and structures, so amended as to provide for diversion of part of the proceeds for "main tracks" to item "yard tracks and sidings," and for an extension of the time within which the entire loan shall have been expended or definitely obligated. Loan to H. V. Ry., 24.
- Long Island R. R. Co., upon supplemental report, former reports 65 I. C. C., 247 and 70 I. C. C., 609, authority for a further extension of the time within which expenditures under the loan for additions and betterments may be completed, granted. Loan to L. I. R. R., 100.
- Louisville & Jeffersonville Bridge & R. R. Co., upon supplemental application in respect of a loan granted in 67 I. C. C., 81 for additions and betterments, authority to apply an unexpended balance thereof to the purchase and installation of a track scale, granted; and time within which applicant shall expend or definitely obligate the proceeds of the loan extended. Loan to L. & J. B. & R. R. Co., 364.
- New York Central R. R. Co., upon supplemental application in respect of the loan for additions and betterments, authority to eliminate certain items which applicant was able to finance outside of the loan, to offset unexpended balances against excess costs in expenditures, to use net unexpended balances for specific other purposes, and to apply specified amounts to specified projects not originally included in the purposes of the loan, granted. Former reports 65 I. C. C., 503 and 70 I. C. C., 809. Loan to N. Y. C. R. R., 288.
- Seaboard Air Line Ry. Co., upon supplemental application, authority to divert that part of the proceeds of the loan approved in 67 I. C. C., 295, for "equipment betterments" to item "strengthening bridges and trestles," and for an extension of the time within which expenditures under the loan may be completed, granted. Loan to S. A. L. Ry. 77.

LOANS TO CARRIERS—Continued.**Unexpended Balances—Continued.**

Western Maryland Ry. Co., upon supplemental application in respect of a loan for additions and betterments, authority to apply an under-run on four passing sidings, and an underrun on the completion of new engine terminals and freight yards, upon an overrun for dredging, granted. Previous report, 65 I. C. C., 664. Loan to W. M. Ry., 135.

LOCOMOTIVES.

In General: Contributions toward the purchase of equipment acquired, either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 50 per cent of whole in respect of locomotives. Loan to Seaboard-Bay Line, 464 (469).

Akron, Canton & Youngstown Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under the Akron, Canton & Youngstown Ry. Co. engine trust of 1921 in connection with the procurement of nine locomotives, granted. A., C. & Y. Ry. Engine Trust, 237.

Lake Erie, Franklin & Clarion R. R. Co., authority to issue promissory notes to the Baldwin Locomotive Works in connection with the lease of a locomotive, granted. Notes of L. E., F. & C. R. R., 772.

Mobile & Ohio R. R. Co., authority to issue equipment notes in connection with the procurement of mikado locomotives, granted. Equipment Notes of M. & O. R. R., 770.

MATURITIES.

Applications of the following carriers for loans to aid in meeting maturing indebtedness, denied. Prospective earning power, and character and value of the security offered, are not such as to afford reasonable assurance of ability to repay the loan, and reasonable protection to the United States:

Carrollton & Worthville R. R. Co., 232.

Maxton, Alma & Southbound R. R. Co., 260.

Midland Ry., 306.

Northeast Oklahoma R. R. Co., 286.

Salina Northern R. R. Co., 291.

Shearwood Ry. Co., 299.

Wabash, Chester & Western R. R. Co., 137.

Wyoming Ry. Co., 310.

Atlanta, Birmingham & Atlantic Ry. Co., application for a loan to enable applicant to meet overdue taxes and maturing bank loans, denied. Loan requested is not necessary to meet public transportation needs, security offered is inadequate, and it is not shown that applicant is unable to procure the funds desired from other sources. Loan to A., B. & A. Ry., 116.

Boston & Maine R. R., application for loan to meet at maturity a previous loan authorized in 65 I. C. C., 1, granted. Loan to B. & M. R. R., 296.

Birmingham & Northwestern Ry. Co.:

Application for a loan to aid in meeting the maturity of certain first-mortgage bonds, granted. Loan to B. & N. W. Ry., 173.

Authority to issue first-mortgage bonds for the purpose of retiring an equal amount of maturing first-mortgage bonds, granted. Bonds of B. & N. W. Ry., 177.

MATURITIES—Continued.

Buffalo, Rochester & Pittsburgh Ry. Co., authority to procure authentication and delivery to its treasurer of consolidated mortgage bonds, said bonds to be used, when duly authorized, for the purpose of refunding certain maturing mortgage and equipment bonds, granted. Bonds of B., R. & P. Ry., 432.

Cadiz R. R. Co., authority to extend the maturity of a promissory note; to increase the interest rate thereon from 5 to 6 per cent per annum; and to extend for the same period the maturity of a first-mortgage gold bond pledged as security for said note, granted. Securities of Cadiz R. R., 311.

Cape Girardeau Northern Ry. Co., application for a loan to aid in meeting maturing indebtedness, denied. Applicant's property has deteriorated until the greater part of it is unsafe for operation and operating results reflect a continuous history of deficits in net income. Loan to C. G. N. Ry., 880.

Chicago, Milwaukee & St. Paul Ry. Co., application for a loan to enable applicant to repay at maturity a previous loan heretofore made in 65 I. C. C., 491, granted. Loan to C., M. & St. P. Ry., 53.

Cisco & Northeastern Ry. Co., application for a loan to aid in paying off and discharging certain short-term notes, granted. Loan to C. & N. E. Ry., 108.

Delaware & Hudson Co., authority to issue gold bonds for the purpose of discharging and refunding existing obligations; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.

Erie R. R. Co., authority to issue promissory notes to be delivered to the War Finance Corporation upon surrender and cancellation of a like amount of certain other maturing notes, now held by that corporation, granted. Bonds of E. R. R., 314.

Federal Valley R. R. Co., authority to issue promissory notes, said notes to be exchanged for a like amount of maturing promissory notes, granted. Notes of F. V. R. R., 753.

Gulf, Mobile & Northern R. R. Co., application for a loan to aid in meeting maturing indebtedness, granted. Loan to G., M. & N. R. R., 156.

Missouri & North Arkansas R. R. Co., application for loan to meet, granted. Loan to M. & N. A. R. R., 395.

Missouri, Kansas & Texas Ry. Co. of Texas, upon supplemental report, former report 70 I. C. C., 76, authority to further extend the maturity date of receiver's certificates by indorsement, granted. Applicant is without funds to pay the principal of the certificates, or any part thereof, at maturity, but it is represented that by the date of extension requested the reorganization of the railway company, the plan of which has been published and declared effective, will have progressed to a point where funds will be available to satisfy and retire these certificates. Certificates of Receiver of M., K. & T. Ry. Co. of T., 122.

Missouri Pacific R. R. Co., authority to issue first and refunding mortgage 6 per cent bonds, part thereof to be sold and the proceeds used to retire maturing first and refunding mortgage bonds, granted. Bonds of M. P. R. R., 435.

Morgantown & Kingwood R. R. Co., authority to issue first-mortgage bonds for the purpose of refunding a like amount of matured first-mortgage bonds, granted. Bonds of M. & K. R. R., 452.

MATURITIES—Continued.

New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to meet maturing notes and to pay indebtedness to the director general, for the cost of equipment and additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.

New York, Lake Erie & Western Coal & R. R. Co., authority to extend the date of maturity of first-mortgage bonds and to reduce the interest rate from 6 to 5½ per cent, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

New York, New Haven & Hartford R. R. Co.:

Application for a loan to aid in meeting maturing indebtedness, consisting of the company's European loan of 1907, approved. Loan to N. Y., N. H. & H. R. R., 163.

Authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof, and to increase the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due; the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

Upon supplemental report, former report 71 I. C. C., 163, application for loan to meet maturing indebtedness, granted in part. Loan to N. Y., N. H. & H. R. R., 761.

Norfolk & Western Ry. Co., authority to issue first consolidated mortgage bonds; said bonds to be sold and the proceeds used solely for reimbursement of applicant's treasury for payment of matured underlying bonds, granted. Bonds of N. & W. Ry. Co., 254.

Norfolk Southern R. R. Co., application for a loan to aid in meeting maturing indebtedness, granted. Loan to N. S. R. R., 325.

Oregon Short Line R. R. Co., authority to issue and sell consolidated first mortgage gold bonds, the proceeds thereof to be used to retire maturing bonds, granted. Bonds of O. S. L. R. R., 16.

Raritan River R. R. Co., upon supplemental report, it not having been necessary to issue any part of the promissory notes authorized in 67 I. C. C., 260, within the time specified therein, and the financial condition of applicant being such that it may become necessary to issue such notes at a later date, extension of the maturity date and time within which such notes may be issued, granted. Notes of R. R. R. R., 188.

Richmond Terminal Ry. Co., authority to issue first-mortgage guaranteed gold bonds, said bonds to be sold and the proceeds used to refund certain promissory notes, granted. Bonds of R. T. Ry., 143.

Southern Ry. Co., authority to issue development and general mortgage gold bonds with sheets of coupons attached covering interest, said bonds to be sold and part of the proceeds used for the payment of maturing collateral gold notes outstanding in the hands of the public, and the payment of a demand loan owed to the War Finance Corporation, granted. Bonds of S. Ry., 50.

MERGER. See ACQUISITION OF CONTROL; CONSOLIDATION.

NEW LINES. *See also* EXTENSION OF LINE.**In General:**

Fact that a proposed new line would prove a convenience to a considerable number of people can not be relied upon alone to justify the addition to the transportation resources of the country of an enterprise which gives no promise of being self-sustaining. Public-Convenience Application of G. B. R. R., 233 (234).

Contention that if a strong or urgent public need for a new line of railroad be shown, the commission must issue a certificate for the construction of such line irrespective of whether that line will be able to handle sufficient traffic to pay the expenses of operation, not sustained. Public-Convenience Application of D. & N. M. Ry., 795 (800).

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., certificate of public convenience and necessity authorizing the construction and operation of a cut-off in Delaware County, Ohio, issued. Such proposed line will shorten the distance for the movement of through traffic between Cincinnati and Cleveland, Ohio, and intermediate points, will avoid grades and curvatures, and passenger trains will save time as compared with the time required for traveling the present route. Public-Convenience Certificate to Big Four, 803.

Golden Belt R. R. Co., on rehearing, conclusions in former reports, 67 I. C. C., 370, and 70 I. C. C., 73, affirmed, and present and future public convenience and necessity not shown to require the construction of a new line of railroad between Great Bend and Hays, Kans. Public-Convenience Application of G. B. R. R., 233.

Kansas & Oklahoma Southern Ry. Co., certificate of public convenience and necessity authorizing the construction of a line of railroad in Craig County, Okla., issued. Such line will serve coal deposits which are not reached by existing rail lines. Public-Convenience Certificate to K. & O. S. Ry., 130.

Mingo Valley R. R. Co., certificate of public convenience and necessity authorizing the construction of a line of railroad in Washington County, Pa., granted. Such line will connect the Montour R. R. with the Monongahela division of the Pennsylvania and with water transportation on the Monongahela River at Courtney, Pa., and will permit shipments of coal to move to tidewater, as well as to Lake Erie ports for reshipment to the Northwest, without passing through the congested terminals of Pittsburgh, Pa. Public-Convenience Certificate to M. V. R. R., 139.

National Line R. R. Co., application for certificate of public convenience and necessity authorizing the construction of a line of railroad in Webster County, Miss., denied. Facts are not sufficient to enable the commission to form a reasonably accurate judgment as to the present or future need for the line or the probability as to its becoming a self-sustaining project. The record indicates that applicant has not given sufficient attention to an estimate of construction costs and of operating expenses and has estimated gross and net revenues on an erroneous basis. Construction Application of N. L. R. R., 556.

NEW LINES—Continued.

New Holland, Higginsport & Mt. Vernon R. R. Co., certificate of public convenience and necessity authorizing the construction of a line of railroad extending from a connection with the Norfolk Southern at Wenona, Washington County, N. C., to New Holland, Hyde County, N. C., issued. Most of the traffic handled by the line will be additional to that which now moves by rail, and it is predicted that the road will prove a valuable feeder for the Norfolk Southern. Public-Convenience Certificate to N. H., H. & Mt. V. R. R., 119.

Osage Ry. Co., certificate of public convenience and necessity authorizing the construction of a line of railroad in Osage County, Okla., issued. Proposed line will be the only outlet for a field which is actually producing oil and in view of the development that may be expected in the territory to be served, the return should be sufficient to justify building the road. Public-Convenience Certificate to Osage Ry., 160.

Shreveport & Northeastern Ry. Co., public convenience and necessity not shown to require the construction of a proposed line of railroad extending from Minden, in Webster Parish, La., to a point near Junction City, on the Arkansas State line, and certificate denied. It is impossible to estimate the volume of traffic which will be obtained, what the revenues or expenses will be, and no adequate consideration appears to have been given to the question of whether sufficient tonnage and revenues to support the line may be reasonably anticipated. Construction Application of S. & N. E. Ry., 586.

Wichita Falls & Oklahoma R. R. Co., certificate of public convenience and necessity authorizing the construction of a new line of railroad in Jefferson County, Okla., issued. Proposed line would furnish a valuable connection for the Colorado & Southern system, and should also be of advantage to Wichita Falls and important areas in Texas for which that city is the gateway, as it would shorten the haul from that section to central and northern points. Public-Convenience Certificate to W. F. & O. Ry., 699.

NOTES.

Apache R. R. Co., in view of the financial relations existing between the applicant and the A., T. & S. F. Ry. Co., and of the fact that proposed issue would cause the applicant to be excessively overcapitalized, and of the further fact that applicant has not been able to pay operating expenses, proposed issue of a secured note found not compatible with the public interest and reasonably necessary and appropriate for the proper performance by the applicant of service to the public as a common carrier. Securities Application of A. R. R., 245.

Cairo, Truman & Southern R. R. Co., authority to issue promissory notes, part thereof to be used to cover floating debts and the remainder to provide funds for construction and repairs to way, granted. Notes of C., T. & S. R. R., 3.

Chicago & Illinois Midland Ry. Co., authority to issue promissory notes, payable to the General American Tank Car Corporation, the proceeds to be used in payment of rebuilt equipment, granted. Notes of C. & I. M. Ry., 346.

Cisco & Northeastern Ry. Co., application for a loan to aid in paying off and discharging certain short-term notes, granted. Loan to C. & N. E. Ry., 108.

NOTES—Continued.

Erie R. R. Co., authority to issue promissory notes to be delivered to the War Finance Corporation upon surrender and cancellation of a like amount of certain other maturing notes, now held by that corporation, granted. Bonds of E. R. R., 314.

Federal Valley R. R. Co., authority to issue promissory notes, said notes to be exchanged for a like amount of maturing promissory notes, granted. Notes of F. V. R. R., 753.

Lake Erie, Franklin & Clarion R. R. Co., authority to issue promissory notes to the Baldwin Locomotive Works in connection with the lease of a locomotive, granted. Notes of L. E., F. & C. R. R., 772.

Mobile & Ohio R. R. Co., authority to issue equipment notes in connection with the procurement of locomotives, granted. Equipment Notes of M. & O. R. R., 770.

New York, New Haven & Hartford R. R. Co., upon supplemental report, former report, 70 I. C. C., 540, authority to sell equipment-trust notes, the proceeds of such sale to be used toward payment of certain promissory notes, granted. Notes of N. Y., N. H. & H. R. R., 303.

Raritan River R. R. Co., upon supplemental report, it not having been necessary to issue any part of the promissory notes authorized in 67 I. C. C., 260, within the time specified therein, and the financial condition of applicant being such that it may become necessary to issue such notes at a later date, extension of the maturity date and time within which such notes may be issued, granted. Notes of R. R. R. R., 188.

OBLIGATIONS OR LIABILITIES.

In General: Commission has no jurisdiction over a proposed assumption of obligations and liabilities by a carrier which is a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act. Securities of Seaboard-Bay Line Co., 501 (502).

Akron, Canton & Youngstown Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under the Akron, Canton & Youngstown Ry. Co. engine trust of 1921 in connection with the procurement of locomotives, granted. A., C. & Y. Ry. Engine Trust, 237.

Atlantic Coast Line R. R. Co.:

Authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Richmond Terminal Ry. Co., said bonds to be sold and the proceeds used to refund certain promissory notes, granted. Bonds of R. T. Ry., 143.

Authority to assume obligation and liability, as guarantor, in respect of refunding and extension mortgage bonds to be issued by the Jacksonville Terminal Co., granted. Bonds of J. T. Co., 249.

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction over a proposed assumption of obligations and liabilities by it. Securities of Seaboard Bay Line Co., 501 (502-503).

Canton, Aberdeen & Nashville R. R. Co., authority to assume obligation and liability in respect of joint first-mortgage bonds to be issued by the Chicago, St. Louis & New Orleans R. R. Co., and the Illinois Central R. R. Co., granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

OBLIGATIONS OR LIABILITIES—Continued.

Central of Georgia Ry. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co, trustee, and thereby guaranteeing payment of the principal and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. C. of G. Equipment Trust, Series N, 317.

Chesapeake & Ohio Ry. Co., authority to assume obligation and liability in respect of C. & O. equipment trust certificates, by entering into a lease and an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co. of Philadelphia, Pa., said certificates to be sold and the proceeds used to procure certain equipment, granted. C. & O. Equipment Trust, Series T, 592.

Chicago, Milwaukee & St. Paul Ry. Co., authority to assume obligation or liability, as guarantor, in respect of first-mortgage bonds of the Chicago, Milwaukee & Gary Ry. Co., by indorsing thereon its guaranty of the payment of the principal and interest; and, when so indorsed, said bonds to be redelivered to the St. Louis Union Trust Co., granted. Control of C., M. & G. Ry. by C., M. & St. P. Ry., 124.

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Assumption of Obligations by C., N. O. & T. P. Ry., 687.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to assume obligation and liability as guarantor in respect of the payment of principal and interest of first-mortgage bonds of the Evansville, Mount Carmel & Northern Ry. Co.; said bonds to be used for acquiring certain securities issued by the Peoria & Eastern Ry. Co., granted. Assumption of Obligations by Big Four, 690.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., New York, Chicago & St. Louis R. R. Co., and New York Central R. R. Co., authority to assume joint and several obligation and liability, as guarantors, in respect of first-mortgage sinking-fund bonds to be issued by the Cleveland Union Terminals Co., such bonds to be sold and the proceeds used for capital purposes, granted. Securities of Cleveland Union Terminal Co., 842.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola and refrigerator cars, granted. C. & S. Ry. Equipment Trust of 1922, 517.

Erie R. R. Co., authority to assume obligation and liability, as guarantor and lessee in respect of bonds of the New York, Lake Erie & Western Coal & R. R. Co.; and to extend the term of the lease of the coal company, granted. Bonds of N. Y., L. E. & W. Coal & R. R. Co., 541.

Florida East Coast Ry. Co., authority to assume obligation and liability, as guarantor, in respect of refunding and extension mortgage bonds to be issued by the Jacksonville Terminal Co., granted. Bonds of J. T. Co., 249.

OBLIGATIONS OR LIABILITIES—Continued.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box and refrigerator cars, granted. **Ft. W. & D. C. Ry. Equipment Trust of 1922,** 521.

Illinois Central R. R. Co., authority to assume obligation or liability in respect of equipment-trust certificates by entering into an agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon, by indorsing upon each certificate its guaranty of such payment, and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. **I. C. Equipment Trust, Series H.,** 152.

Long Island R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Fidelity Trust Co. (of Philadelphia, Pa.) and William P. Gest, under an equipment-trust agreement, and sold or disposed of in connection with the procurement of passenger cars, granted. **L. I. Equipment Trust, Series D,** 777.

Maine Central R. R. Co., authority to assume obligation and liability as guarantor in respect of bonds to be issued by the Portland Terminal Co. and pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. **Bonds of P. T. Co.,** 738.

New York Central R. R. Co., Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., and **New York, Chicago & St. Louis R. R. Co.,** authority to assume joint and several obligation and liability, as guarantors, in respect of first-mortgage sinking-fund bonds to be issued by the Cleveland Union Terminals Co., such bonds to be sold and the proceeds used for capital purposes, granted. **Securities of Cleveland Union Terminal Co.,** 842.

New York, Chicago & St. Louis R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Union Trust Co. of Cleveland, Ohio, in connection with the procurement of stock cars, granted. **N. Y. C. & St. L. Equipment Trust of 1922,** 391.

New York, Chicago & St. Louis R. R. Co., **New York Central R. R. Co.,** and **Cleveland, Cincinnati, Chicago & St. Louis Ry. Co.,** authority to assume joint and several obligation and liability, as guarantors, in respect of first-mortgage sinking-fund bonds to be issued by the Cleveland Union Terminals Co., such bonds to be sold and the proceeds used for capital purposes granted. **Securities of Cleveland Union Terminal Co.,** 842.

Norfolk & Western Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment-trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. **N. & W. Equipment Trust, 1922,** 749.

Richmond, Fredericksburg & Potomac R. R. Co., authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Richmond Terminal Ry. Co., said bonds to be sold and the proceeds used to refund certain promissory notes, granted. **Bonds of R. T. Ry.,** 143.

OBLIGATIONS OR LIABILITIES—Continued.

San Diego & Arizona Ry. Co., authority to assume obligation and liability in respect of guaranteed equipment-trust certificates, by entering into a lease and an equipment-trust agreement, and by the execution and delivery of a mortgage, granted. Equipment-Trust Certificates of S. D. & A. Ry., Etc., 29.

Seaboard Air Line Ry. Co.:

Authority to assume obligation and liability, as guarantor, in respect of refunding and extension mortgage bonds to be issued by the Jacksonville Terminal Co., granted. Bonds of J. T. Co., 249.

Authority to assume obligations and liabilities in respect of equipment notes to be issued by the Seaboard-Bay Line Co.; and to guarantee by indorsement obligations of the Seaboard-Bay Line Co. to the United States for loan authorized in 71 I. C. C., 464, granted. Securities of Seaboard-Bay Line Co., 501.

Southern Pacific Co., authority to assume obligation and liability in respect of equipment-trust certificates of the San Diego & Arizona Ry. Co., by indorsement and by the execution of an agreement of guaranty with certain companies, granted. Equipment-Trust Certificates of S. D. & A. Ry., Etc., 29.

Southern Ry. Co.:

Authority to assume obligation and liability, as guarantor, in respect of refunding and extension mortgage bonds to be issued by the Jacksonville Terminal Co., granted. Bonds of J. T. Co., 249.

Authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Pennsylvania Company for Insurance on Lives & Granting Annuities (of Philadelphia, Pa.) in connection with the procurement of equipment, granted. S. Ry. Equipment Trust, 623.

Union Pacific R. R. Co.:

Authority to assume obligation and liability as guarantor in respect of consolidated first-mortgage bonds of the Oregon Short Line R. R. Co., and to issue temporary certificates or interim receipts pending the preparation of such bonds in definitive form, granted. Bonds of O. S. L. R. R., 16.

Authority to assume obligation and liability in respect of Union Pacific equipment-trust certificates, by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co. (of Philadelphia); said certificates to be sold and the proceeds used to procure certain equipment, granted. U. P. Equipment Trust, Series B, 228.

Virginian Ry. Co., authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Virginian Terminal Ry. Co.; to issue first-mortgage gold bonds, all or part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control, granted. Bonds of V. T. Ry., 875.

OVERRUNS AND UNDERRUNS. See UNEXPENDED BALANCES.

PARTIAL PAYMENTS. See ADVANCES TO CARRIERS.

PLEADING AND PRACTICE.

In abandonment cases the method of procedure provided by the act was in addition to the constitutional right of the carrier existing prior thereto. A cognate remedy was available to the public before Congress asserted this species of control over the subject, for most of the abandonment cases that have been before the courts arose out of proceedings for a mandamus or mandatory injunction to prevent abandonment. Public-Convenience Application of D. & N. M. Ry., 795 (800).

POWER OF COMMISSION. *See JURISDICTION.*

PREFERRED STOCK. *See STOCKS.*

PRIVATE CAPITAL.

In General: Contributions toward the purchase of equipment acquired, either from the carrier's own funds or from private sources, to meet the contributions of the Government, have customarily amounted to 50 per cent of the whole in respect of locomotives and to 75 per cent in respect of freight-train cars. In loans made through the National Railway Service Corporation a composite percentage for both cars and locomotives contemplating an investment of 60 per cent of private capital to 40 per cent of Government funds has usually been employed. Loan to Seaboard-Bay Line, 464 (469).

PROMISSORY NOTES. *See NOTES.*

PUBLIC CONVENIENCE AND NECESSITY. *See CONVENIENCE AND NECESSITY.*

PULLMAN COMPANIES.

In General: Application of a company, which is in part a common carrier and in part a manufacturing corporation, for authority to issue capital stock for the purpose of acquiring all the assets of another manufacturing corporation, *Held*: Not necessary to apply to the commission for permission to issue such securities, but since there is room for doubt concerning the matter, the commission has decided to assume jurisdiction in the premises. Stock of The Pullman Co., 11 (14).

Pullman Co., authority to issue capital stock for the purpose of acquiring all the assets of the Haskell & Barker Car Co. (Inc.), granted. Stock of The Pullman Co., 11.

PURPOSE OF ACT. *See CONSTRUCTION OF STATUTE.*

REAL ESTATE.

Terminal R. R. Association of St. Louis:

Authority to issue general-mortgage bonds in payment for certain real estate in the city of St. Louis, Mo., purchased for corporate purposes, granted. Bonds of T. R. R. A. of St. L., 35.

Authority to issue general-mortgage bonds in part payment for certain real estate in the city of St. Louis, Mo., purchased for the development of passenger facilities, granted. Bonds of the T. R. R. A. of St. L., 811.

REBUILT EQUIPMENT. *See EQUIPMENT.*

RECEIVER'S CERTIFICATES.

In General: While it is within the commission's province under section 20a of the act to authorize the issuance of receivers' certificates, it is not to be understood that by giving such authority the commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other lines. Certificate of Receivers of C., P. & St. L. R. R., 283 (284).

RECEIVER'S CERTIFICATES—Continued.

Chicago, Peoria & St. Louis R. R. Co., authority to issue receivers' certificates, said certificates to be sold and the proceeds used to pay indebtedness incurred in the operation of the property, granted. Certificate of Receivers of C. P. & St. L. R. R., 283.

Missouri, Kansas & Texas Ry. Co. of Texas, upon supplemental report, former report 70 I. C. C., 76, authority to further extend the maturity date of receiver's certificates by indorsement, granted. Applicant is without funds to pay the principal of the certificates, or any part thereof, at maturity, but it is represented that by the date of extension requested the reorganization of the railway company, the plan of which has been published and declared effective, will have progressed to a point where funds will be available to satisfy and retire these certificates. Certificates of Receiver of M., K. & T. Ry. Co. of T., 122.

REFRIGERATOR EQUIPMENT.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of refrigerator cars, granted. C. & S. Ry. Equipment-Trust of 1922, 517.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of refrigerator cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.

Illinois Central R. R. Co., authority to execute an evidence of indebtedness in the form of an agreement for the lease and purchase of refrigerator cars from the Pullman Co., granted. Equipment Lease of I. C. R. R., 406.

REIMBURSEMENT OF DEFICITS DURING FEDERAL CONTROL.

In General: The commission is without authority to certify any amount for payment under section 204 of the transportation act, unless the claimant during that part of the period of Federal control in which it operated independently was, in fact and in law, a carrier by railroad engaged as a common carrier in general transportation, and the burden rests upon a claimant to establish its status under that section. Deficit Claims of A. & S. S. Ry., 90 (91).

The following companies which sustained deficits in railway operating incomes while under private operation in the Federal-control period, found to be "carriers" subject to section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during Federal control ascertained and final settlements made. In instances where partial payments were made, or where sums were found due to the President, as operator of the transportation systems under Federal control, on account of traffic balances and other indebtedness, such sums deducted from amounts ascertained in making final settlements:

Apalachicola Northern R. R. Co., 823.

Arizona & Swansea R. R. Co., 853.

Bullfrog Goldfield R. R. Co., 825.

Carolina & Yadkin River Ry. Co., 420.

Cazenovia Southern R. R. Co., 627.

Elwood, Anderson & Lapelle R. R. Co., 492.

Jefferson & Northwestern Ry. Co., 863.

REIMBURSEMENT OF DEFICITS DURING FEDERAL CONTROL—Contd.

Kentwood & Eastern Ry. Co., 534.

Kentwood, Greensburg & Southwestern R. R. Co., 379. .

Lawndale Ry. & Industrial Co., 865.

Leetonia Ry. Co., 827.

Nevada-California-Oregon Ry., 548.

Ocean Shore R. R. Co., 867.

Paris & Mt. Pleasant R. R. Co., 869.

Raquette Lake Ry. Co., 829.

Salina Northern R. R. Co., 235.

Silverton Northern R. R. Co., 831.

United Verde & Pacific Ry. Co., 833.

Ursina & North Fork Ry. Co., 409.

Ventura County Ry. Co., 813.

Alabama Central R. R. Co., as the amount disallowed for maintenance expenditures exceeds the excess credits ascertained as due the carrier before making the adjustments necessitated by the provisions of section 204 of the transportation act, 1920, such carrier did not sustain a deficit in railway operating income while under private operation in the Federal-control period, and is therefore not a "carrier" within the meaning of that section. Deficit Status of A. C. R. R., 574.

Allegheny & South Side Ry. Co., held not to be subject to the provisions of section 204 of the transportation act, 1920, relating to reimbursement of deficits. Applicant is not a common carrier subject to the interstate commerce act and was not during any part of the Federal-control period a common carrier engaged in general transportation. Deficit Claims of A. & S. S. Ry., 90.

RELOCATION OF LINE.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., certificate of public convenience and necessity authorizing the relocation of its line, and permitting the abandonment of that portion of its old line between Glenn and St. Clair, in Boone County, Ind., issued. Such relocation will reduce operating expenses, effect a saving in distance, reduce grade, lessen maximum curvature, and eliminate highway grade crossings. Abandonment of Line by Big Four, 668.

REMEDY.

In abandonment cases the method of procedure provided by the act was in addition to the constitutional right of the carrier existing prior thereto. A cognate remedy was available to the public, before Congress asserted this species of control over the subject, for most of the abandonment cases that have been before the courts arose out of proceedings for a mandamus or mandatory injunction to prevent abandonment. Public-Convenience Application of D. & N. M. Ry., 795 (800).

RETIREMENTS.

In General: Corporate policy, in a case of bond retirements, must be determined by the carrier's directors, and, since the responsibility for that determination rests with them, the commission does not feel that the substitution of its judgment for theirs would be warranted. Bonds of N. P. Ry., 583 (584).

Northern Pacific Ry. Co., authority to issue refunding and improvement mortgage bonds, said bonds to be sold and the proceeds thereof used to redeem outstanding joint bonds of the applicant and the Great Northern Ry. Co., granted. Bonds of N. P. Ry., 588.

RECEIVER'S CERTIFICATES—Continued.

Chicago, Peoria & St. Louis R. R. Co., authority to issue receivers' certificates, said certificates to be sold and the proceeds used to pay indebtedness incurred in the operation of the property, granted. Certificate of Receivers of C. P. & St. L. R. R., 283.

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RETIREMENTS.

In General: Corporate policy, in a case of bond retirements, must be determined by the carrier's directors, and, since the responsibility for that determination rests with them, the commission does not feel that the substitution of its judgment for theirs would be warranted. Bonds of N. P. Ry., 583 (584).

Northern Pacific Ry. Co., authority to issue refunding and improvement mortgage bonds, said bonds to be sold and the proceeds thereof used to redeem outstanding joint bonds of the applicant and the Great Northern Ry. Co., granted. Bonds of N. P. Ry., 583.

RETURN ON INVESTMENT. *See* GUARANTY.

REVENUE. *See* EARNINGS.

ROADWAY. *See* WAY AND STRUCTURES.

SALVAGE.

Where the public interest requires the operation of railroad property, the commission can not for the purposes of fixing a loan criterion assign to that property only the salvage value attaching to an abandoned road. Loan to M. & N. A. R. R., 395 (399).

SECTION 19a.

Application of the New York Central R. R. Co. for authority to purchase the capital stock or physical properties of the Chicago Junction Ry. Co. denied. Values are not capable of definite settlement at this time and application will be reserved for future treatment at such time as the Central may desire to renew it in that respect, following the final determination of values under section 19a of the act. Chicago Junction Case, 631 (637).

SECTION 20a.

While it is within the commission's province under section 20a of the act to authorize the issuance of receivers' certificates, it is not to be understood that by giving such authority the commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificate of Receivers of C., P. & St. L. R. R., 283 (284).

Congress obviously did not intend to exclude all electric railways from the operation of section 20a of the act. If a carrier were to completely electrify its system it would not thereby become a "street, suburban, or interurban electric railway." Some of its operations might partake of the nature of street, suburban, or interurban railway service, but its business as a whole would be of a far broader character. Proposed Control of S. N. by W. P. R. R., 653 (657).

The fact that a road is operated electrically does not remove it from the commission's jurisdiction under section 20a of the act. *Id.* (657).

SECURITIES.

In General:

Application of a company which is in part a common carrier and in part a manufacturing corporation, for authority to issue capital stock for the purpose of acquiring all the assets of another manufacturing corporation, *Held*: Not necessary to apply to the commission for permission to issue such securities, but since there is room for doubt concerning the matter, the commission has decided to assume jurisdiction in the premises. Stock of The Pullman Co., 11 (14).

As a basis for the issuance of equipment-trust certificates, equipment should not be taken at appraised value, but at depreciated book value. Equipment-Trust Certificates of S. D. & Ariz. Ry., etc., 29 (32).

While it is within the commission's province under section 20a of the act to authorize the issuance of receivers' certificates it is not to be understood that by giving such authority the commission passes upon or in any wise determines or affects the nature of the rights or liens to be enjoyed under said certificates or the priority of said certificates in their relation to any other liens. Certificate of Receivers of C., P. & St. L. R. R., 283 (284).

SECURITIES—Continued.**In General—Continued.**

Corporate policy, in a case of bond retirements, must be determined by the carrier's directors, and, since the responsibility for that determination rests with them, the commission does not feel that the substitution of its judgment for theirs would be warranted. Bonds of N. P. Ry., 583 (584).

A carrier must make application to the commission under section 20a of the act for authority to issue stock and to assume obligations and until such application is made the commission is unable to pass upon a proposed acquisition of control of such company by another company by purchase of capital stock and bonds. The stock proposed to be acquired would have no validity without the commission's authorization. Proposed Control of S. N. by W. P. R. R., 653.

The fact that a road is operated electrically does not remove it from the commission's jurisdiction under section 20a of the act. Id. (657).

Akron, Canton & Youngstown Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under the Akron, Canton & Youngstown Ry. Co. engine trust of 1921 in connection with the procurement of locomotives, granted. A., C. & Y. Ry. Engine Trust, 237.

Apache R. R. Co., in view of the financial relations existing between the applicant and the A., T. & S. F. Ry. Co., and of the fact that proposed issues would cause the applicant to be excessively overcapitalized, and of the further fact that applicant has not been able to pay operating expenses, proposed issue of capital stock and a secured note found not compatible with the public interest and reasonably necessary and appropriate for the proper performance by the applicant of service to the public as a common carrier. Securities Application of Apache R. R., 245.

Asherton & Gulf Ry. Co., proposed issue of bonds, the proceeds of which are to be used for the construction of an extension from Asherton to Carrizo Springs, Tex., not shown to be in the public interest. Such proposed issue exceeds the investment in road and equipment; a satisfactory showing of applicant's ability to earn the interest on the proposed issue has not been made; and inquiries contained in several letters pertaining to the application remain unanswered. Securities Application of A. & G. Ry., 281.

Baltimore & Ohio R. R. Co., authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged, from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization having first been obtained, granted. Bonds of B. & O. R. R. and Subsidiaries, 680.

Baltimore & Ohio Southwestern R. R. Co. (Illinois), a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Baltimore & Ohio Southwestern R. R. Co. (Ohio and Indiana), a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

SECURITIES—Continued.

Baltimore & Philadelphia R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction over a proposed assumption of obligations and liabilities by it. Securities of Seaboard Bay Line Co., 501 (502-503).

Birmingham & Northwestern Ry. Co., authority to issue first-mortgage bonds for the purpose of retiring an equal amount of maturing first-mortgage bonds, granted. Bonds of B. & N. W. Ry., 177.

Buffalo, Rochester & Pittsburgh Ry. Co., authority to procure authentication and delivery to its treasurer of consolidated-mortgage bonds, said bonds to be used, when duly authorized, for the purpose of refunding certain maturing mortgage and equipment bonds, granted. Bonds of B., R. & P. Ry., 432.

Cadiz R. R. Co., authority to extend the maturity of a promissory note; to increase the interest rate thereon from 5 to 6 per cent per annum; and to extend for the same period the maturity of a first-mortgage gold bond pledged as security for said note, granted. Securities of Cadiz R. R., 311.

Cairo, Truman & Southern R. R. Co., authority to issue promissory notes, part thereof to be used to cover floating debts and the remainder to provide funds for construction and repairs to way, granted. Notes of C., T. & S. R. R., 3.

Carolina & Georgia Ry. Co., authority to issue first-mortgage gold bonds under a proposed mortgage; part of said bonds to be exchanged for outstanding first-mortgage bonds, and the remainder to be sold and the proceeds used in constructing and equipping applicant's road, granted. Bonds of C. & G. Ry., 704.

Central of Georgia Ry. Co.:

Authority to assume obligation or liability in respect of equipment-trust certificates by entering into an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon; by indorsing upon each certificate its guaranty of such payment; and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. C. of G. Equipment Trust, Series N, 317.

Authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security, for advances under section 209 of the transportation act, 1920, for loans under section 210 thereof, or for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Bonds of C. of G. Ry., 600.

Central R. R. Co. of New Jersey; authority to procure authentication and delivery to its treasurer of equipment bonds, in connection with the procurement of locomotives, passenger coaches, combination cars, and baggage-and-express cars, granted. Equipment Bonds of C. R. R. Co. of N. J., 729.

SECURITIES—Continued.

Chesapeake & Ohio Ry. Co., authority to assume obligation and liability in respect of C. & O. equipment-trust certificates, by entering into a lease and an equipment-trust agreement under which the certificates will be issued by the Commercial Trust Co. of Philadelphia, Pa., said certificates to be sold and the proceeds used to procure certain equipment granted. C. & O. Equipment Trust, Series T, 592.

Chicago & Illinois Midland Ry. Co., authority to issue promissory notes payable to the General American Tank Car Corporation, the proceeds to be used in payment of rebuilt equipment, granted. Notes of C. & I. M. Ry., 346.

Chicago & Illinois Western R. R., upon supplemental report, previous order modified so as to authorize issue of noncumulative preferred capital stock conditions as to expenditures for capital purposes prior to declaration of dividends being eliminated. Former report, 70 L. C. C., 652. Stock of C. & I. W. R. R., 375.

Chicago & North Western Ry. Co., authority to sell general mortgage gold bonds which are now held in its treasury to reimburse its treasury for moneys expended out of income for additions and betterments and on account of the retirement of certain underlying bonds, granted. Bonds of C. & N. W. Ry., 821.

Chicago & Western Indiana R. R. Co., authority to issue consolidated-mortgage gold bonds to be delivered to applicant's tenants in repayment of sinking fund advances, granted. Bonds of C. & W. I. R. R., 102.

Chicago, Burlington & Quincy R. R. Co., upon supplemental application original report, 67 I. C. C., 156, authority to issue first and refunding mortgage bonds under a proposed mortgage; said bonds to be sold and the proceeds used for capital purposes, granted. Bonds of C., B. & Q. R. R., 70.

Chicago, Indianapolis & Louisville Ry. Co., authority to procure authentication and delivery to its treasurer of first and general mortgage gold bonds; and to pledge and repledge, from time to time, until otherwise ordered, all or any part thereof as security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., I. & L. Ry., 74.

Chicago, Milwaukee & St. Paul Ry. Co., authority to assume obligation or liability, as guarantor, in respect of first-mortgage bonds of the Chicago Milwaukee & Gary Ry. Co., by indorsing thereon its guaranty of the payment of the principal and interest; and, when so indorsed, said bonds to be redelivered to the St. Louis Union Trust Co., granted. Control of C., M. & G. by C., M. & St. P. Ry., 124.

Chicago, Peoria & St. Louis R. R. Co., authority to issue receivers' certificates; said certificates to be sold and the proceeds used to pay indebtedness incurred in the operation of the property, granted. Certificate of Receivers of C., P. & St. L. R. R., 283.

SECURITIES—Continued.

Chicago, Rock Island & Pacific Ry. Co.:

Authority to issue general-mortgage gold bonds and to deliver same to the trustee under its first and refunding mortgage; and to issue first and refunding mortgage gold bonds, all or part thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., R. I. & P. Ry., 80.

Upon supplemental report, certificate authorizing the release by the Secretary of the Treasury of certain collateral securing a loan from the United States, approved in 67 I. C. C., 569 and 70 I. C. C., 446, issued. Loan to C., R. I. & P. Ry., 835.

Chicago, St. Louis & New Orleans R. R. Co. and the Illinois Central R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue debenture gold bonds; said bonds to be sold and the proceeds used for enlargements, extensions, betterments, additions, and for the acquisition of additional equipment, granted. Bonds of C., St. P., M. & O. Ry., 808.

Cincinnati, Indianapolis & Western R. R. Co.:

Authority to procure authentication and delivery to applicant's treasurer of first-mortgage gold bonds, for the purpose of reimbursing its treasury for expenditures for capital purposes not heretofore capitalized, granted. Bonds of C., I. & W. R. R., 377.

Upon supplemental report, authority to pledge and repledge first-mortgage gold bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Former report 71 I. C. C., 377. Bonds of C., I. & W. R. R., 499.

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Assumption of Obligations by C., N. O. & T. P. Ry., 687.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to assume obligation and liability as guarantor in respect of the payment of principal and interest of first-mortgage bonds of the Evansville, Mount Carmel & Northern Ry. Co.; said bonds to be used for acquiring certain securities issued by the Peoria & Eastern Ry. Co., granted. Assumption of Obligations by Big Four, 690.

Cleveland Union Terminals Co., authority to issue and sell common capital stock and first-mortgage-sinking fund gold bonds, the proceeds to be used for capital purposes, granted. Securities of C. U. T. Co., 842.

SECURITIES—Continued.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola and refrigerator cars, granted. C. & S. Ry. Equipment-Trust of 1922, 517.

Confluence & Oakland R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Delaware & Hudson Co., authority to issue gold bonds for the purpose of discharging and refunding existing obligations, and reimbursing its treasury for expenditures for additions and betterments and investment in affiliated companies; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.

Detroit, Toledo & Ironton R. R. Co., authority to issue first-mortgage gold bonds; said bonds to be sold and the proceeds used in reimbursement of expenditures made for additions and betterments, granted. Bonds of D., T. & I. R. R., 199.

Erie R. R. Co.:

Authority to sell consolidated-mortgage extended bonds, and to pledge one-half, pending sale thereof, as security for any short-term notes which may be issued to the War Finance Corporation upon proper authorization, granted. Bonds of E. R. R. Co., 267.

Authority to pledge general-lien and convertible gold bonds, as security for one-year notes payable on demand, which may be issued to the War Finance Corporation upon proper authorization, granted. Id. (267).

Authority to pledge refunding and improvement mortgage gold bonds and Columbus & Erie R. R. Co. first-mortgage gold bonds, as substituted partial security for a loan from the United States, granted. Id. (267).

Authority to issue promissory notes to be delivered to the War Finance Corporation upon surrender and cancellation of a like amount of certain other maturing notes, now held by that corporation, granted. Bonds of E. R. R., 314.

Fairmont, Morgantown & Pittsburg R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Federal Valley R. R. Co., authority to issue promissory notes, said notes to be exchanged for a like amount of maturing promissory notes, granted. Notes of F. V. R. R., 753.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box and refrigerator cars, granted. F. W. & D. C. Ry. Equipment-Trust of 1922, 517.

Great Northern Ry. Co., authority to issue gold bonds for the purpose of discharging and refunding existing obligations, and reimbursing its treasury for expenditures for additions and betterments and investment in affiliated companies; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of G. N. Ry. Co., 541.

SECURITIES—Continued.**Chicago, Rock Island & Pacific Ry. Co.:**

Authority to issue general-mortgage gold bonds and to deliver same to the trustee under its first and refunding mortgage; and to issue first and refunding mortgage gold bonds, all or part thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., R. I. & P. Ry., 80.

Upon supplemental report, certificate authorizing the release by the Secretary of the Treasury of certain collateral securing a loan from the United States, approved in 67 I. C. C., 569 and 70 I. C. C., 446, issued. Loan to C., R. I. & P. Ry., 835.

Chicago, St. Louis & New Orleans R. R. Co. and the Illinois Central R. R. Co., authority to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Chicago, St. Paul, Minneapolis & Omaha Ry. Co., authority to issue debenture gold bonds; said bonds to be sold and the proceeds used for enlargements, extensions, betterments, additions, and for the acquisition of additional equipment, granted. Bonds of C., St. P., M. & O. Ry., 808.

Cincinnati, Indianapolis & Western R. R. Co.:

Authority to procure authentication and delivery to applicant's treasurer of first-mortgage gold bonds, for the purpose of reimbursing its treasury for expenditures for capital purposes not heretofore capitalized, granted. Bonds of C., I. & W. R. R., 377.

Upon supplemental report, authority to pledge and repledge first-mortgage gold bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Former report 71 I. C. C., 377. Bonds of C., I. & W. R. R., 499.

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying, as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Assumption of Obligations by C., N. O. & T. P. Ry., 687.

Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., authority to assume obligation and liability as guarantor in respect of the payment of principal and interest of first-mortgage bonds of the Evansville, Mount Carmel & Northern Ry. Co.; said bonds to be used for acquiring certain securities issued by the Peoria & Eastern Ry. Co., granted. Assumption of Obligations by Big Four, 690.

Cleveland Union Terminals Co., authority to issue and sell common capital stock and first-mortgage-sinking fund gold bonds, the proceeds to be used for capital purposes, granted. Securities of C. U. T. Co., 842.

SECURITIES—Continued.

Colorado & Southern Ry. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of gondola and refrigerator cars, granted. C. & S. Ry. Equipment-Trust of 1922, 517.

Confluence & Oakland R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Delaware & Hudson Co., authority to issue gold bonds for the purpose of discharging and refunding existing obligations, and reimbursing its treasury for expenditures for additions and betterments and investment in affiliated companies; and to issue temporary printed bonds pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of D. & H. Co., 541.

Detroit, Toledo & Ironton R. R. Co., authority to issue first-mortgage gold bonds; said bonds to be sold and the proceeds used in reimbursement of expenditures made for additions and betterments, granted. Bonds of D., T. & I. R. R., 199.

Erie R. R. Co.:

Authority to sell consolidated-mortgage extended bonds, and to pledge one-half, pending sale thereof, as security for any short-term notes which may be issued to the War Finance Corporation upon proper authorization, granted. Bonds of E. R. R. Co., 267.

Authority to pledge general-lien and convertible gold bonds, as security for one-year notes payable on demand, which may be issued to the War Finance Corporation upon proper authorization, granted. Id. (267).

Authority to pledge refunding and improvement mortgage gold bonds and Columbus & Erie R. R. Co. first-mortgage gold bonds, as substituted partial security for a loan from the United States, granted. Id. (267).

Authority to issue promissory notes to be delivered to the War Finance Corporation upon surrender and cancellation of a like amount of certain other maturing notes, now held by that corporation, granted. Bonds of E. R. R., 314.

Fairmont, Morgantown & Pittsburg R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Federal Valley R. R. Co., authority to issue promissory notes, said notes to be exchanged for a like amount of maturing promissory notes, granted. Notes of F. V. R. R., 753.

Fort Worth & Denver City Ry. Co., authority to assume obligation and liability in respect of equipment-trust certificates to be issued under an equipment-trust agreement, said certificates to be sold in connection with the procurement of box and refrigerator cars, granted. Ft. W. & D. C. Ry. Equipment-Trust of 1922, 521.

Great Northern Ry. Co., authority to issue general-mortgage gold bonds; said bonds to be sold and the proceeds used for capital purposes, viz, to pay maturing indebtedness, to acquire equipment, and to make additions and betterments, granted. Bonds of G. N. Ry., 95.

SECURITIES—Continued.

Gulf & Northern Ry. Co., authority to issue first-mortgage gold bonds, said bonds to be delivered to the A., T. & S. F. Ry. Co. in satisfaction of a like amount of indebtedness of the applicant to that company, which furnished most of the cash, material, and labor for the construction of applicant's line extending northward from Newton to Wiergate, Tex., granted. Bonds of G. & N. Ry., 859.

Illinois Central R. R. Co.:

Authority to assume obligation or liability in respect of equipment-trust certificates by entering into an agreement, under which the certificates will be issued by the Commercial Trust Co., trustee, and thereby guaranteeing payment of the principal and dividends thereon, by indorsing upon each certificate its guaranty of such payment, and by entering into a lease of the trust equipment, and thereby agreeing to pay rent sufficient to pay such principal and dividends, granted. I. C. Equipment Trust, Series H., 152.

Together with the Chicago, St. Louis & New Orleans R. R. Co., authorized to issue joint first-mortgage bonds, said bonds to be delivered by the trustee to the C., St. L. & N. O. R. R., to be by it delivered to the I. C. R. R. in reimbursement of advances made to the C., St. L. & N. O. for additions and betterments, and to be pledged and repledged by the I. C. R. R. as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Authority to issue preferred stock; said stock to be sold and the proceeds applied to construction purposes, consisting of electrification and enlargement of terminal facilities in the vicinity of Chicago, Ill., granted. I. C. Capital Stock, 707.

Upon supplemental report, authority to issue common stock in conversion of preferred stock the issue of which was authorized in 71 I. C. C., 707, granted. Stock of I. C. R. R., 775.

Jacksonville Terminal Co., authority to issue refunding and extension mortgage bonds, to be exchanged for a like amount of first and general mortgage bonds, and series B bonds, to be sold and the proceeds used for capital purposes, granted. Bonds of J. T. Co., 249.

Kansas & Oklahoma Ry. Co., authority to issue common capital stock for the purpose of continuing construction of its railroad between Liberal, Kans., and Forgan, Okla., granted. Stock of K. & O. Ry., 839.

Lake Erie, Franklin & Clarion R. R. Co., authority to issue promissory notes to the Baldwin Locomotive Works in connection with the lease of a locomotive, granted. Notes of L. E., F. & C. R. R., 772.

Long Island R. R. Co., authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Fidelity Trust Co. (of Philadelphia, Pa.), and William P. Gest, under an equipment-trust agreement, and sold or disposed of in connection with the procurement of passenger cars, granted. L. I. Equipment Trust, Series D, 777.

SECURITIES—Continued.**Maine Central R. R. Co.:**

Authority to issue first and refunding mortgage gold bonds, said bonds to be pledged as collateral security for a demand note to be issued to the Director General of Railroads, and ultimately to pledge all or any portion of the bonds with the director general as collateral security in connection with the funding of indebtedness to the United States in respect of additions and betterments made during Federal control, granted. Bonds of M. C. R. R., 147.

Authority to assume obligation and liability as guarantor in respect of bonds to be issued by the Portland Terminal Co. and pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.

Midland Valley R. R. Co.:

Authority to issue first-mortgage gold bonds; said bonds to be sold, or to be pledged or repledged from time to time until otherwise ordered, as collateral security for any notes which may be issued within the limitations of paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 61.

Authority to issue first-mortgage gold bonds, said bonds to be sold or pledged and repledged as collateral security for short-term notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 566.

Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage bonds; and to pledge and repledge said bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. & St. L. R. R., 767.

Minneapolis, St. Paul & Sault Ste. Marie Ry. Co., authority to sell first refunding mortgage bonds, the proceeds to be used to pay taxes, interest, maturing indebtedness, and miscellaneous vouchers which are now or will become due, granted. Bonds of M., St. P. & S. S. M. Ry., 490.

Missouri & North Arkansas Ry. Co., authority to issue common capital stock; and to issue a first-mortgage gold bond, to be pledged with the Secretary of the Treasury as collateral security for a loan from the United States, authorized in 71 I. C. C., 395, granted. Securities of M. & N. A. Ry., 440.

Missouri-Illinois R. R. Co., authority to issue first-mortgage gold bonds, the proceeds to be used to pay for the construction, equipment, and delivery of a steam car ferry and for the equipment and betterment of approaches to be used by the ferry when placed in service, granted. Bonds of M.-I. R. R., 461.

SECURITIES—Continued.

Missouri, Kansas & Texas Ry. Co. of Texas, upon supplemental report, former report 70 I. C. C., 76, authority to further extend the maturity date of receiver's certificates by indorsement, granted. Applicant is without funds to pay the principal of the certificates, or any part thereof, at maturity, but it is represented that by the date of extension requested, the reorganization of the railway company, the plan of which has been published and declared effective, will have progressed to a point where funds will be available to satisfy and retire these certificates. Certificates of Receiver of M., K. & T. Ry. Co. of T., 122.

Missouri Pacific R. R. Co., authority to issue first and refunding mortgage 6 per cent bonds, part thereof to be sold and the proceeds used to retire maturing first and refunding mortgage 5 per cent bonds and to reimburse its treasury for expenditures for additions and betterments not heretofore capitalized; to procure authentication and delivery to its treasurer of the remainder of such bonds which are to be held in the treasury until the further order of the commission; and to issue temporary certificates or interim receipts pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of M. P. R. R., 435.

Mobile & Ohio R. R. Co., authority to issue equipment notes in connection with the procurement of locomotives, granted. Equipment Notes of M. & O. R. R., 770.

Morgantown & Kingwood R. R. Co., authority to issue first-mortgage bonds for the purpose of refunding a like amount of matured first-mortgage bonds, granted. Bonds of M. & K. R. R., 452.

New Orleans, Texas & Mexico Ry. Co., authority to procure authentication and delivery to its treasurer of first-mortgage bonds, and to issue certain other first-mortgage bonds, said bonds to be sold or pledged and repledged as collateral security for notes issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of N. O., T. & M. Ry., 562.

New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to meet maturing notes and to pay indebtedness to the director general, for the cost of equipment and additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.

New York, Chicago & St. Louis R. R. Co.:

Authority to issue second and improvement mortgage gold bonds; and to pledge same as collateral security for a promissory note to be issued to the Director General of Railroads, granted. Bonds of N. Y., C. & St. L. R. R., 64.

Authority to pledge and repledge from time to time, until otherwise ordered, all or any part of second and improvement mortgage gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Id. (64).

SECURITIES—Continued.**New York, Chicago & St. Louis R. R. Co.—Continued.**

Authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment trust certificates to be issued by the Union Trust Co. of Cleveland, Ohio, in connection with the procurement of stock cars, granted. N. Y. C. & St. L. Equipment Trust of 1922, 391.

New York, New Haven & Hartford R. R. Co.:

Authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof, and to increase the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due, the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

Authority to issue first and refunding mortgage bonds; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of N. Y., N. H. & H. R. R., 300.

Upon supplemental report, former report, 70 I. C. C., 540, authority to sell equipment-trust notes, the proceeds to be used toward payment of certain promissory notes, granted. Notes of N. Y., N. H. & H. R. R., 303.

Norfolk & Western Ry. Co.:

Authority to issue first consolidated-mortgage bonds; said bonds to be sold and the proceeds used solely for reimbursement of applicant's treasury for payment of matured underlying bonds, granted. Bonds of N. & W. Ry. Co., 254.

Authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment-trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. N. & W. Equipment Trust, 1922, 749.

Northern Pacific Ry. Co., authority to issue refunding and improvement mortgage bonds, said bonds to be sold and the proceeds thereof used to redeem outstanding joint bonds of the applicant and the Great Northern Ry. Co., granted. Bonds of N. P. Ry., 583.

Northwestern Pacific R. R. Co., authority to issue first and refunding mortgage bonds by selling and delivering them to the Southern Pacific and Atchison, Topeka & Santa Fe Railway companies in reimbursement of advances made by those companies to enable applicant to redeem certain underlying bonds, granted. Bonds of N. W. P. R. R., 242.

Oregon Short Line R. R. Co., authority to issue and sell consolidated first mortgage gold bonds, the proceeds thereof to be used to retire maturing bonds, granted. Bonds of O. S. L. R. R., 16.

Peoria & Eastern Ry. Co., acquisition of additional capital stock by the Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., which controls the Peoria & Eastern through ownership of a majority of such capital stock, held not within the scope of paragraph (2), section 5, of the act. Purchase of the remaining stock will not give the Big Four any other or further control over such carrier than that which it had acquired prior to the enactment of the paragraph. Control of P. & E. by Big Four, 747.

SECURITIES—Continued.

Missouri, Kansas & Texas Ry. Co. of Texas, upon supplemental report, former report 70 I. C. C., 76, authority to further extend the maturity date of receiver's certificates by indorsement, granted. Applicant is without funds to pay the principal of the certificates, or any part thereof, at maturity, but it is represented that by the date of extension requested, the reorganization of the railway company, the plan of which has been published and declared effective, will have progressed to a point where funds will be available to satisfy and retire these certificates. Certificates of Receiver of M., K. & T. Ry. Co. of T., 122.

Missouri Pacific R. R. Co., authority to issue first and refunding mortgage 6 per cent bonds, part thereof to be sold and the proceeds used to retire maturing first and refunding mortgage 5 per cent bonds and to reimburse its treasury for expenditures for additions and betterments not heretofore capitalized; to procure authentication and delivery to its treasurer of the remainder of such bonds which are to be held in the treasury until the further order of the commission; and to issue temporary certificates or interim receipts pending the preparation of the aforesaid bonds in definitive form, granted. Bonds of M. P. R. R., 435.

Mobile & Ohio R. R. Co., authority to issue equipment notes in connection with the procurement of locomotives, granted. Equipment Notes of M. & O. R. R., 770.

Morgantown & Kingwood R. R. Co., authority to issue first-mortgage bonds for the purpose of refunding a like amount of matured first-mortgage bonds, granted. Bonds of M. & K. R. R., 452.

New Orleans, Texas & Mexico Ry. Co., authority to procure authentication and delivery to its treasurer of first-mortgage bonds, and to issue certain other first-mortgage bonds, said bonds to be sold or pledged and repledged as collateral security for notes issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of N. O., T. & M. Ry., 562.

New York Central R. R. Co., authority to issue refunding and improvement mortgage bonds, the proceeds to be used to meet maturing notes and to pay indebtedness to the director general, for the cost of equipment and additions and betterments made during Federal control; or to reimburse applicant for expenditures to be made for the purpose of such payment, granted. Bonds of N. Y. C. R. R., 354.

New York, Chicago & St. Louis R. R. Co.:

Authority to issue second and improvement mortgage gold bonds; and to pledge same as collateral security for a promissory note to be issued to the Director General of Railroads, granted. Bonds of N. Y., C. & St. L. R. R., 64.

Authority to pledge and repledge from time to time, until otherwise ordered, all or any part of second and improvement mortgage gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Id. (64).

SECURITIES—Continued.**New York, Chicago & St. Louis R. R. Co.—Continued.**

Authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment trust certificates to be issued by the Union Trust Co. of Cleveland, Ohio, in connection with the procurement of stock cars, granted. N. Y. C. & St. L. Equipment Trust of 1922, 391.

New York, New Haven & Hartford R. R. Co.:

Authority to enter into agreements with the holders of dollar and franc debentures for the extension of the maturity thereof, and to increase the rate of interest from 4 to 7 per cent per annum, granted. It is impossible for applicant to obtain funds with which to pay the debentures when due, the proposed plan is the only feasible means for caring for their maturity, and a failure to pay when due would constitute a default under the terms of the mortgage. Debentures for N. Y., N. H. & H. R. R., 216.

Authority to issue first and refunding mortgage bonds; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of N. Y., N. H. & H. R. R., 300.

Upon supplemental report, former report, 70 I. C. C., 540, authority to sell equipment-trust notes, the proceeds to be used toward payment of certain promissory notes, granted. Notes of N. Y., N. H. & H. R. R., 303.

Norfolk & Western Ry. Co.:

Authority to issue first consolidated-mortgage bonds; said bonds to be sold and the proceeds used solely for reimbursement of applicant's treasury for payment of matured underlying bonds, granted. Bonds of N. & W. Ry. Co., 254.

Authority to assume obligation and liability, as guarantor and otherwise, in respect of Norfolk & Western Ry. equipment-trust certificates to be issued by the Commercial Trust Co. of Philadelphia, Pa., under an equipment-trust agreement, and to be sold in connection with the procurement of all-steel dining cars and hopper coal cars, granted. N. & W. Equipment Trust, 1922, 749.

Northern Pacific Ry. Co., authority to issue refunding and improvement mortgage bonds, said bonds to be sold and the proceeds thereof used to redeem outstanding joint bonds of the applicant and the Great Northern Ry. Co., granted. Bonds of N. P. Ry., 583.

Northwestern Pacific R. R. Co., authority to issue first and refunding mortgage bonds by selling and delivering them to the Southern Pacific and Atchison, Topeka & Santa Fe Railway companies in reimbursement of advances made by those companies to enable applicant to redeem certain underlying bonds, granted. Bonds of N. W. P. R. R., 242.

Oregon Short Line R. R. Co., authority to issue and sell consolidated first mortgage gold bonds, the proceeds thereof to be used to retire maturing bonds, granted. Bonds of O. S. L. R. R., 16.

Peoria & Eastern Ry. Co, acquisition of additional capital stock by the Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., which controls the Peoria & Eastern through ownership of a majority of such capital stock, held not within the scope of paragraph (2), section 5, of the act. Purchase of the remaining stock will not give the Big Four any other or further control over such carrier than that which it had acquired prior to the enactment of the paragraph. Control of P. & E. by Big Four, 747.

SECURITIES—Continued.

Pittsburgh & Western R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Pittsburgh Junction R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Portland Terminal Co., authority to issue first-mortgage gold bonds; all or any part of said bonds to be pledged with the Director General of Railroads in connection with the funding of indebtedness to the United States for improvements, extensions, or additions made during Federal control, granted. Bonds of P. T. Co., 738.

Pullman Co., authority to issue capital stock for the purpose of acquiring all the assets of the Haskell & Barker Car Co. (Inc.), granted. Stock of The Pullman Co., 11.

Raritan River R. R. Co., upon supplemental report, it not having been necessary to issue any part of the promissory notes authorized in 67 I. C. C., 260, within the time specified therein, and the financial condition of applicant being such that it may become necessary to issue such notes at a later date, extension of the maturity date and time within which such notes may be issued, granted. Notes of R. R. R. R., 188.

Richmond Terminal Ry. Co., authority to issue first-mortgage guaranteed gold bonds, said bonds to be sold and the proceeds used to refund certain promissory notes, granted. Bonds of R. T. Ry., 143.

St. Louis-San Francisco Ry. Co.:

Authority to issue prior-lien mortgage gold bonds in substitution for an equal amount of similar bonds heretofore authenticated; part thereof to be sold and the remainder to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of St. L.-S. F. Ry., 558.

Proposed issue of prior-lien mortgage bonds for the purpose of refunding, paying, or purchasing or otherwise acquiring a like face amount of equipment notes, found not compatible with the interest of either the applicant or the public. Id. (560).

San Diego & Arizona Ry. Co., authority to assume obligation and liability in respect of guaranteed equipment-trust certificates, by entering into a lease and an equipment-trust agreement, and by the execution and delivery of a mortgage, granted. Equipment-Trust Certificates of S. D. & A. Ry., Etc., 29.

Schuylkill River East Side R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Seaboard Air Line Ry. Co., authority to assume obligations and liabilities in respect of equipment notes to be issued by the Seaboard-Bay Line Co.; and to guarantee by indorsement obligations of the Seaboard-Bay Line Co. to the United States for loan authorized in 71 I. C. C., 464, granted. Securities of Seaboard-Bay Line Co., 501.

SECURITIES—Continued.

Southern Pacific Co., authority to assume obligation and liability in respect of equipment-trust certificates of the San Diego & Arizona Ry. Co., by indorsement and by the execution of an agreement of guaranty with certain companies, granted. Equipment-Trust Certificates of S. D. & A. Ry., Etc., 29.

Southern Ry. Co.:

Authority to issue development and general-mortgage gold bonds with sheets of coupons attached covering interest, said bonds to be sold and the proceeds used for the payment of maturing collateral gold notes outstanding in the hands of the public, the payment of a demand loan owed to the War Finance Corporation, and to reimburse its treasury for capital expenditures, granted. Bonds of S. Ry., 50.

Authority to assume obligation and liability, as guarantor and otherwise, in respect of equipment-trust certificates to be issued by the Pennsylvania Company for Insurance on Lives and Granting Annuities (of Philadelphia, Pa.) in connection with the procurement of equipment, granted. S. Ry. Equipment Trust, 623.

Springfield Terminal Ry. Co., upon supplemental report, authority to issue capital stock; said stock to be sold and the proceeds used for the purpose of constructing a sidetrack to serve the Bissell Coal Co. at Bissell, Ill., granted. Former report, 70 I. C. C., 258. Stock of S. P. Ry., 59.

Terminal R. R. Association of St. Louis:

Authority to issue general-mortgage bonds in payment for certain real estate in the city of St. Louis, Mo., purchased for corporate purposes, granted. Bonds of T. R. R. A. of St. L., 35.

Authority to issue general-mortgage bonds in part payment for certain real estate in the city of St. Louis, Mo., purchased for the development of passenger facilities, granted. Bonds of T. R. R. A. of St. L., 811.

Toledo Terminal R. R. Co.:

Authority to issue certificates of indebtedness, to be delivered to its proprietary companies for the purpose of evidencing indebtedness to those companies for advances made in respect of the payment of interest on outstanding bonds, granted. Certificates of Indebtedness of Toledo Terminal, 39.

Authority to procure authentication and delivery to its treasurer of first-mortgage gold bonds in respect of additions and betterments, granted. Bonds of T. T. R. R., 490.

Tuckaseegee & Southeastern Ry. Co., authority to issue capital stock for the purpose of acquiring a certain line of railroad extending from Sylva to Blackwood, N. C., pursuant to certificate of public convenience and necessity issued in 71 I. C. C., 818, authorizing applicant to acquire and operate such line, granted. Stock of T. & S. E. Ry., 861.

Union Pacific R. R. Co.:

Authority to assume obligation and liability as guarantor in respect of consolidated first-mortgage bonds of the Oregon Short Line R. R. Co., and to issue temporary certificates or interim receipts pending the preparation of such bonds in definitive form, granted. Bonds of O. S. L. R. R., 16.

SECURITIES—Continued.**Union Pacific R. R. Co.—Continued.**

Authority to assume obligation and liability in respect of Union Pacific equipment-trust certificates, by entering into a lease and an equipment-trust agreement, under which the certificates will be issued by the Commercial Trust Co. (of Philadelphia); said certificates to be sold and the proceeds used to procure certain equipment, granted. U. P. Equipment Trust, Series B, 228.

Virginian Ry. Co., authority to issue first-mortgage gold bonds, to reimburse its treasury for expenditures for additions and betterments; said bonds to be pledged as part collateral security for a note issued or to be issued to the Director General of Railroads, granted. Bonds of V. Ry., 383.

Virginian Terminal Ry. Co., authority to issue first-mortgage gold bonds, to be delivered to the Virginian Ry. Co. in reimbursement of advances made by it for additions and betterments to the property of the terminal company, granted. Bonds of V. T. Ry., 875.

Wheeling, Pittsburgh & Baltimore R. R. Co., a subsidiary of the B. & O. R. R., authorized to issue refunding and general mortgage bonds and deliver them upon the order of said proprietary company to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

Wichita Falls & Southern R. R. Co., authority to issue common and non-cumulative preferred stock and first-mortgage gold bonds, the common stock to be delivered to stock subscribers in part payment of advances for capital purposes and the preferred stock and bonds to be sold and the proceeds used in part payment for construction and equipment and to discharge certain indebtedness, granted. Securities of W. F. & S. R. R., 694.

SECURITY.

Baltimore & Ohio R. R. Co., authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged, from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization having first been obtained, granted. Bonds of B. & O. R. R. and Subsidiaries, 680.

Central of Georgia Ry. Co., authority to issue refunding and general mortgage bonds; said bonds, or any part thereof, to be pledged and repledged from time to time, until otherwise ordered, as collateral security for advances under section 209 of the transportation act, 1920, for loans under section 210 thereof, or for any notes which may be issued under paragraph (9) of section 20a of the act, granted. Bonds of C. of G. Ry., 600.

Chicago, Indianapolis & Louisville Ry. Co., authority to procure authentication and delivery to its treasurer of first and general mortgage gold bonds; and to pledge and repledge, from time to time, until otherwise ordered, all or any part thereof as security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C. I. & L. Ry., 74.

Chicago, Rock Island & Pacific Ry. Co.:

Authority to issue first and refunding mortgage gold bonds, all or part thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of C., R. I. & P. Ry., 80.

SECURITY—Continued.**Chicago, Rock Island & Pacific Ry. Co.—Continued.**

Upon supplemental report, certificate authorizing the release by the Secretary of the Treasury of certain collateral securing a loan from the United States, approved in 67 I. C. C., 569 and 70 I. C. C., 446, issued. Loan to C., R. I. & P. Ry., 835.

Cincinnati, Indianapolis & Western R. R. Co., upon supplemental report, authority to pledge and repledge first-mortgage gold bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Former report 71 I. C. C., 377. Bonds of C., I. & W. R. R., 499.

Erie R. R. Co.:

Upon supplemental report, certificate issued in 65 I. C. C., 134, approving a loan to aid in meeting maturing indebtedness, amended so as to authorize the Secretary of the Treasury to release from pledge the carrier's consolidated mortgage gold bonds, and the pledge in lieu thereof of other collateral security. Loan to E. R. R., 221.

Authority to sell consolidated-mortgage extended bonds, and to pledge one-half, pending sale thereof, as security for any short-term notes which may be issued to the War Finance Corporation upon proper authorization, granted. Bonds of E. R. R. Co., 267.

Authority to pledge general-lien and convertible gold bonds, as security for one-year notes payable on demand, which may be issued to the War Finance Corporation upon proper authorization, granted. Id. (267).

Authority to pledge refunding and improvement mortgage gold bonds and Columbus & Erie R. R. Co. first-mortgage gold bonds, as substituted partial security for a loan from the United States, granted. Id. (267).

Illinois Central R. R. Co., authority to pledge and repledge joint first-mortgage bonds to be issued by the Chicago, St. Louis & New Orleans R. R. Co. and the I. C. R. R., as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Joint Bonds of I. C. and C., St. L. & N. O. R. R., 510.

Midland Valley R. R. Co., authority to issue first-mortgage gold bonds, said bonds to be sold or pledged and repledged as collateral security for short-term notes which may be issued within the limitations prescribed by paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. V. R. R., 566.

Minneapolis & St. Louis R. R. Co., authority to issue refunding and extension mortgage bonds; and to pledge and repledge said bonds as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of M. & St. L. R. R., 767.

Missouri & North Arkansas Ry. Co., authority to issue a first-mortgage gold bond, to be pledged with the Secretary of the Treasury as collateral security for a loan from the United States, authorized in 71 I. C. C., 395, granted. Securities of M. & N. A. Ry., 440.

SECURITY—Continued.

New Orleans, Texas & Mexico Ry. Co., authority to procure authentication and delivery to its treasurer of first-mortgage bonds, and to issue certain other first-mortgage bonds, said bonds to be sold or pledged and repledged as collateral security for notes issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Bonds of N. O., T. & M. Ry., 562.

New York, Chicago & St. Louis R. R. Co.:

Authority to issue second and improvement mortgage gold bonds; and to pledge same as collateral security for a promissory note to be issued to the Director General of Railroads, granted. Bonds of N. Y., C. & St. L. R. R., 64.

Authority to pledge and repledge from time to time, until otherwise ordered, all or any part of second and improvement mortgage gold bonds (not at the time pledged with the Director General of Railroads), as collateral security for any notes which may be issued under paragraph (9) of section 20a of the act without the commission's authorization therefor having first been obtained, granted. Id. (64).

New York, New Haven & Hartford R. R. Co., authority to issue first and refunding mortgage bonds; said bonds to be pledged with the Secretary of the Treasury as partial security for a loan from the United States, granted. Bonds of N. Y., N. H. & H. R. R., 300.

St. Louis-San Francisco Ry. Co., authority to issue prior-lien mortgage gold bonds in substitution for an equal amount of similar bonds heretofore authenticated; part thereof to be pledged and repledged from time to time, until otherwise ordered, as collateral security for any notes issued under paragraph (9) of section 20a of the act, without the commission's authorization therefor having first been obtained, granted. Bonds of St. L.-S. F. Ry., 558.

Virginian Ry. Co.:

Authority to issue first-mortgage gold bonds, to reimburse its treasury for expenditures for additions and betterments; said bonds to be pledged as part collateral security for a note issued or to be issued to the Director General of Railroads, granted. Bonds of V. Ry., 883.

Authority to assume obligation and liability, as guarantor, in respect of first-mortgage gold bonds to be issued by the Virginian Terminal Ry. Co.; to issue first-mortgage gold bonds, all or part of said bonds to be pledged with the Director General of Railroads in connection with the funding of its indebtedness to the United States for additions and betterments made during Federal control, granted. Bonds of V. Terminal Ry., 875.

SEPARATION OF EXPENSES.

Allocating revenues and expenses of a branch line on a mileage prorate basis is open to objection, if made use of as the sole test, where it appears that the mileage of the branch constitutes a very small proportion of the total system mileage. Abandonment of Part of Branch Line by N. P. Ry., 169.

SETTLEMENT. See FINAL SETTLEMENT.

SHORT LINE.**Allegheny & South Side Ry. Co.:**

Held not to be subject to the provisions of section 204 of the transportation act, 1920, relating to reimbursement of deficits. Applicant is not a common carrier subject to the act and was not during any part of the Federal control period a common carrier engaged in general transportation. Deficit Claims of A. & S. S. Ry., 90.

Held not to be subject to the guaranty provisions of section 209 of the transportation act, 1920. Applicant is not a common carrier subject to the act, and was not during any part of the Federal control period a common carrier engaged in general transportation. Payment of A. & S. S. Ry., 93.

SHORT-TERM NOTES. See NOTES.**SIDE TRACKS.**

Springfield Terminal Ry. Co., upon supplemental report, authority to issue capital stock; said stock to be sold and the proceeds used for the purpose of constructing a sidetrack to serve the Bissell Coal Co. at Bissell, Ill., granted. Former report 70 I. C. C., 258. Stock of S. P. Ry., 59.

SINKING FUND.

Chicago & Western Indiana R. R. Co., authority to issue consolidated-mortgage gold bonds to be delivered to applicant's tenants in repayment of sinking fund advances, granted. Bonds of C. & W. I. R. R., 102.

Cincinnati, New Orleans & Texas Pacific Ry. Co., authority to assume, as lessee of the Cincinnati Southern Ry., the obligation of paying as additional rental, the interest on gold bonds of the city of Cincinnati, Ohio, and of paying annually 1 per cent of the principal of said bonds to provide a sinking fund for their redemption at maturity, granted. Assumption of Obligations by C., N. O. & T. P. Ry., 687.

SPUR TRACKS.

In General: The line of demarcation between a spur track and a branch line of railroad, discussed. Public-Convenience Application of A. & S. A. B. Ry., 784 (792).

STATE AND INTERSTATE.

Contention that if paragraphs (18) to (22) of section 1 of the act apply to a road located wholly within a State, they are unconstitutional and void, because beyond the power of Congress to enact, *Held*: The interpretation by the Supreme Court in *Texas v. Eastern Texas R. R. Co.*, 258 U. S., 204, establishes that Congress could and did authorize the commission to sanction the discontinuance of interstate and foreign commerce on a line of railroad located wholly within one State and operated by a corporation of that State which does not operate any line of railroad extending through more than one State. Public-Convenience Application of D. & N. M. Ry., 795 (799).

STOCKS.

In General: Application of a company, which is in part a common carrier and in part a manufacturing corporation, for authority to issue capital stock for the purpose of acquiring all the assets of another manufacturing corporation, *Held*: It was not necessary to apply to the commission for permission to issue such securities, but since there is room for doubt concerning the matter, the commission has decided to assume jurisdiction in the premises. Stock of Pullman Co., 11 (14).

STOCKS—Continued.

Apache R. R. Co., in view of the financial relations existing between the applicant and the A., T. & S. F. Ry. Co., and of the fact that proposed issue would cause the applicant to be excessively overcapitalized, and of the further fact that applicant has not been able to pay operating expenses, proposed issue of capital stock found not compatible with the public interest and reasonably necessary and appropriate for the proper performance by the applicant of service to the public as a common carrier. Securities Application of Apache R. R., 245.

Chicago & Illinois Western R. R., upon supplemental report, previous order modified so as to authorize issue of noncumulative preferred capital stock, conditions as to expenditures for capital purposes prior to declaration of dividends being eliminated. Former report, 70 I. C. C., 652. Stock of C. & I. W. R. R., 375.

Cleveland Union Terminals Co., authority to issue and sell common capital stock, the proceeds to be used for capital purposes, granted. Securities of C. U. T. Co., 842.

Illinois Central R. R. Co.:

Authority to issue preferred stock; said stock to be sold and the proceeds applied to construction purposes, consisting of electrification and enlargement of terminal facilities in the vicinity of Chicago, Ill., granted. I. C. Capital Stock, 707.

Upon supplemental report, authority to issue common stock in conversion of preferred stock the issue of which was authorized in 71 I. C. C., 707, granted. Stock of I. C. R. R., 775.

Kansas & Oklahoma Ry. Co., authority to issue common capital stock for the purpose of continuing construction of its railroad between Liberal, Kans., and Forgan, Okla., granted. Stock of K. & O. Ry., 839.

Missouri & North Arkansas Ry. Co., authority to issue common capital stock to the organizers of the company who will pay or secure the payment to the applicant of a certain sum to provide working capital, granted. Securities of M. & N. A. Ry., 440.

Peoria & Eastern Ry. Co., acquisition of additional capital stock by the Cleveland, Cincinnati, Chicago & St. Louis Ry. Co., which controls the Peoria & Eastern through ownership of a majority of such capital stock, held not within the scope of paragraph (2), section 5, of the act. Purchase of the remaining stock will not give the Big Four any other or further control over such carrier than that which it had acquired prior to the enactment of the paragraph. Control of P. & E. by Big Four, 747.

Pullman Co., authority to issue capital stock for the purpose of acquiring all the assets of the Haskell & Barker Car Co. (Inc.), granted. Stock of The Pullman Co., 11.

Springfield Terminal Ry. Co., upon supplemental report, authority to issue capital stock; said stock to be sold and the proceeds used for the purpose of constructing a sidetrack to serve the Bissell Coal Co. at Bissell, Ill., granted. Former report 70 I. C. C., 258. Stock of S. T. Ry., 59.

Tuckasegee & Southeastern Ry. Co., authority to issue capital stock for the purpose of acquiring a certain line of railroad extending from Sylva to Blackwood, N. C., pursuant to certificate of public convenience and necessity issued in 71 I. C. C., 818, authorizing applicant to acquire and operate such line, granted. Stock of T. & S. E. Ry., 861.

STOCKS—Continued.

Wichita Falls & Southern R. R. Co., authority to issue common and non-cumulative preferred stock, the common stock to be delivered to stock subscribers in part payment of advances for capital purposes, and the preferred stock to be sold and the proceeds used in part payment for construction and equipment and to discharge certain indebtedness, granted. Securities of W. F. & S. R. R., 694.

STRUCTURES. See WAY AND STRUCTURES.

SUBSIDIARIES.

Baltimore & Ohio R. R. Co., authority granted subsidiaries to issue refunding and general mortgage bonds and deliver them upon the order of the B. & O. to trustees under certain mortgages. Bonds of B. & O. R. R. and Subsidiaries, 680.

SYSTEM.

Allocating revenues and expenses of a branch line on a mileage prorate basis is open to objection, if made use of as the sole test, where it appears that the mileage of the branch constitutes a very small proportion of the total system mileage. Abandonment of Part of Branch Line by N. P. Ry., 169.

The acquisition of control of the Sacramento Northern R. R. by the Western Pacific R. R. Co., by the purchase of capital stock and bonds of the former, would *ipso facto* establish the status of the Sacramento Northern as part of the Western Pacific system and so long as the control continued its operation would necessarily be as part of that system. Proposed Control of S. N. by W. P. R. R., 653 (656).

TELEPHONE AND TELEGRAPH COMPANIES.**Consolidation :**

Chesapeake & Potomac Telephone Co. of Baltimore City, certificate of advantage and public interest authorizing the acquisition of the Cumberland Valley Telephone Co. of Baltimore City, issued. Proposed transaction will eliminate duplicated stations, and will reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

Chesapeake & Potomac Telephone Co. of West Virginia, certificate of advantage and public interest authorizing the acquisition of the Cumberland Valley Telephone Co. of Baltimore City, issued. Proposed transaction will eliminate duplicated stations, and will reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

Citizens Independent Telephone Co., certificate certifying that acquisition by the Perry County Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. No good reason exists for the maintenance of duplicate exchanges in the same municipality, and the public can be better and more economically served by a single exchange. Acquisition of Property of C. I. T. Co. by P. C. T. Co., 46.

Cumberland Valley Telephone Co. of Baltimore City, certificate of advantage and public interest authorizing the acquisition by the Chesapeake & Potomac Telephone Co. of Baltimore City and the Chesapeake & Potomac Telephone Co. of West Virginia, issued. Proposed transaction will eliminate duplicated stations, and will reduce operating expenses by unification of the respective exchanges. Certificate to C. & P. T. Co., 805.

TELEPHONE AND TELEGRAPH COMPANIES—Continued.**Consolidation—Continued.**

Michigan State Telephone Co., certificate of advantage and public interest authorizing the acquisition of the property of the Valley Home Telephone Co., issued. Proposed unified service will be an economic benefit to the telephone using public, not only at points where there is now duplication, but also at noncompetitive exchanges of the Home Co., since subscribers at those exchanges will have the benefit of the wide range of toll service which will be available over the Bell lines. Valley Home and Michigan State Tel. Cos. Consolidated, 257.

Northwestern Long Distance Telephone Co., certificate authorizing the acquisition of control by the Pacific Telephone & Telegraph Co., by lease, issued. Unification of the toll facilities of the two companies will eliminate the present duplication of operating and office forces and will obviate the necessity of rebuilding the pole lines of the Northwestern. Acquisition of Control of N. W. Long Distance Tel. Co., 530.

Ohio Bell Telephone Co., certificate certifying that acquisition of the property of the Sandusky Home Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. Proposed acquisition is the only feasible method of eliminating present unsatisfactory duplicated service. Acquisition of Property of S. H. Tel. Co., 48.

Pacific Telephone & Telegraph Co., certificate authorizing the acquisition of control of the Northwestern Long Distance Telephone Co., by lease, issued. Unification of the toll facilities of the two companies will eliminate the present duplication of operating and office forces and will obviate the necessity of rebuilding the pole lines of the Northwestern. Acquisition of Control of N. W. Long Distance Tel. Co., 530.

Perry County Telephone Co., certificate issued certifying that the acquisition of the property of the Citizens Independent Telephone Co. will be of advantage to the persons to whom service is to be rendered and in the public interest, issued. No good reason exists for the maintenance of duplicate exchanges in the same municipality, and the public can be better and more economically served by a single exchange. Acquisition of Property of C. I. T. Co. by P. C. T. Co., 46.

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TRAFFIC BALANCES.

The following roads, which sustained deficits in railway operation income while under private operation in the Federal control period, found to be "carriers" within the meaning of paragraph (a) of section 204 of the transportation act, 1920. Amounts payable in reimbursement of deficits sustained during Federal control ascertained, from which there are deductible certain sums as due the President on account of traffic balances and other indebtedness, and final settlements made:

Jefferson & Northwestern Ry. Co., 863.

Nevada-California-Oregon Ry., 548.

Paris & Mt. Pleasant R. R. Co., 869.

Ventura County Ry. Co., 813.

TUNNELS.

Denver & Salt Lake R. R. Co., application for a loan to enable applicant to construct a tunnel through James Peak at or near Corona, Colo., denied. It is not shown that the loan requested is necessary to meet public transportation needs or that the security offered is adequate. Loan to D. & S. L. R. R., 219.

UNEXPENDED BALANCES.

Boston & Maine R. R., upon supplemental application, former report in 65 I. C. C., 402, further amended to provide for further rearrangement and redistribution of the loan so as to include additional equipment. Loan to B. & M. R. R., 629.

Chesapeake & Ohio Ry. Co., upon supplemental application, authority for an extension of the time within which expenditures from and in connection with the loan approved in 67 I. C. C., 407, to aid applicant in providing additions and betterments to way and structures, shall have been made or definitely obligated, granted. Loan to C. & O. Ry., 9.

Erie R. R. Co., upon supplemental application in respect of the loan for additions and betterments heretofore authorized in 65 I. C. C., 317, authority granted to apply specified amounts to projects not originally included in the purposes of the loan; and to extend the time within which said loan shall be expended or definitely obligated. Loan to E. R. R., 212.

Fernwood, Columbia & Gulf R. R. Co., upon supplemental application in respect of the loan heretofore authorized in 67 I. C. C., 402, authority to apply the unexpended balance in respect for additions and betterments on the item of passing tracks to the work of rebuilding trestles with creosoted timber, granted. Loan to F., C. & G. R. R., 278.

Fort Smith & Western R. R. Co., upon supplemental application, time within which applicant shall expend or definitely obligate proceeds of loan granted in 65 I. C. C., 459, for additions and betterments, extended. Loan to Receiver of Ft. S. & W. R. R., 373.

Gulf, Mobile & Northern R. R. Co., upon supplemental application in respect of a loan for equipment and other additions and betterments heretofore granted in 65 I. C. C., 358, authority granted to substitute one locomotive crane in place of one switch engine originally included in the purposes of the loan, and to apply the underruns of one switch engine purchased and one locomotive crane to the overrun on an interlocker. Loan to G., M. & N. R. R., 128.

UNEXPENDED BALANCES—Continued.

Hocking Valley Ry. Co., upon supplemental application, certificate in 65 I. C. C., 812, approving a loan to provide additions and betterments to roadway and structures, so amended as to provide for diversion of part of the proceeds for "main tracks" to item "yard tracks and sidings," and for an extension of the time within which the entire loan shall have been expended or definitely obligated. Loan to H. V. Ry., 24.

Long Island R. R. Co., upon supplemental report, former reports 65 I. C. C., 247 and 70 I. C. C., 609, authority for a further extension of the time within which expenditures under the loan for additions and betterments may be completed, granted. Loan to L. I. R. R., 100.

Louisville & Jeffersonville Bridge & R. R. Co., upon supplemental application in respect of a loan granted in 67 I. C. C., 81 for additions and betterments, authority to apply an unexpended balance thereof to the purchase and installation of a track scale, granted; and time within which applicant shall expend or definitely obligate the proceeds of the loan extended. Loan to L. & J. B. & R. R. Co., 364.

New York Central R. R. Co., upon supplemental application in respect of the loan for additions and betterments, authority to eliminate certain items which applicant was able to finance outside of the loan, to offset unexpended balances against excess costs in expenditures, to use net unexpended balances for specific other purposes, and to apply specified amounts to specified projects not originally included in the purposes of the loan, granted. Former reports 65 I. C. C., 503 and 70 I. C. C., 809. Loan to N. Y. C. R. R., 288.

Seaboard Air Line Ry. Co., upon supplemental application, authority granted for a diversion of that part of the proceeds of the loan approved in 67 I. C. C., 295 for "equipment betterments" to item "strengthening bridges and trestles," and for an extension of the time within which expenditures under the loan may be completed. Loan to S. A. L. Ry., 77.

Western Maryland Ry. Co., upon supplemental application in respect of a loan for additions and betterments, authority to apply an underrun on four passing sidings, and an underrun on the completion of new engine terminals and freight yards, upon an overrun for dredging, granted. Previous report, 65 I. C. C., 664. Loan to W. M. Ry., 135.

VALUATION.

In General: Where the public interest requires the operation of railroad property, the commission can not for the purposes of fixing a loan criterion assign to that property only the salvage value attaching to an abandoned road. Loan to Missouri & North Arkansas R. R., 895 (399).

Chicago Junction Ry. Co., application of the New York Central R. R. Co., for authority to purchase the capital stock or physical properties of, denied. Values are not capable of definite settlement at this time, and application will be reserved for future treatment at such time as the Central may desire to renew it in that respect, following the final determination of values under section 19a of the act. Chicago Junction Case, 631 (637).

VOID SECURITIES. See **SECURITIES.**

WATER CARRIER.

In General: Commission has no jurisdiction over a proposed assumption of obligations and liabilities by a carrier which is a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act. Securities of Seaboard-Bay Line Co., 501 (502).

Baltimore Steam Packet Co., found to be a common carrier by water and not a "common carrier by railroad," or otherwise a "carrier" within the meaning of section 20a of the act, and the commission is without jurisdiction over a proposed assumption of obligations and liabilities by it. Securities of Seaboard-Bay Line Co., 501 (502-503).

Chesapeake Steamship Co., found not to be a carrier within the meaning of paragraph (a) of section 209 of the transportation act, 1920, and the guaranty provisions of that section are not applicable. It is a carrier by water and does not operate any railroad line. Its capital stock is owned by the Atlantic Coast Line and Southern railroads, which do not exercise any actual control or direction of applicant's operations. Guaranty Status of Chesapeake S. S. Co., 484.

WAY AND STRUCTURES.

Applications of the following carriers for loans to aid in providing additions and betterments to, granted:

Cisco & Northeastern Ry. Co., 273.

Gulf, Mobile & Northern R. R. Co., 156.

Missouri & North Arkansas R. R. Co., 395.

Applications of the following carriers for loans to aid in providing additions and betterments to, denied. Prospective earning power and character and value of security offered do not afford reasonable assurance of ability to repay the loan and meet other obligations in connection therewith and reasonable protection to the United States:

Pecos Valley Southern Ry. Co., 308.

Tennessee R. R. Co., 279.

Cairo, Truman & Southern R. R. Co., authority to issue promissory notes, part thereof to be used to provide funds for construction and repairs to way, granted. Notes of C., T. & S. R. R., 3.

Chicago & Western Indiana R. R. Co., upon supplemental report, that part of application for loan requested in 65 I. C. C., 113, for additions and betterments to way and structures, denied. Applicant requested that consideration of that part of loan be deferred, whereupon the commission requested it to file further information in respect thereto, and, in the event that it was not its purpose to pursue its application, to file a formal withdrawal thereof. Application has been neither supplemented nor amended in this regard. Loan to C. & W. I. R. R., 488.

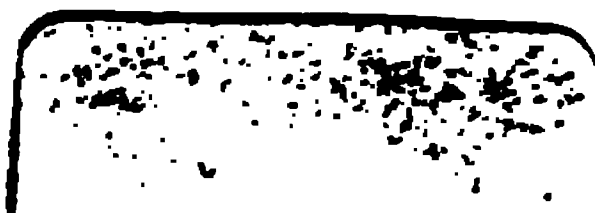
Cincinnati, Indianapolis & Western R. R. Co., application for a loan to aid in providing additions and betterments to, denied. Carrier's attention has been called to various deficiencies in its application, and the commission has emphasized the necessity of applicant making a tender of reasonably adequate security. Application has been neither supplemented nor amended in response to the commission's requests, nor has it been withdrawn. Application of C., I. & W. R. R. for Loan, 539.



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TELEPHONE AND TELEGRAPH COMPANIES—Continued.**Consolidation—Continued.**

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